

**OVERSEAS VOTE FOUNDATION, INC.**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**OVERSEAS VOTE FOUNDATION, INC.**

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REPORT OF INDEPENDENT ACCOUNTING FIRM

To the Board of Trustees of  
Overseas Vote Foundation, Inc.  
Arlington, Virginia

I have audited the accompanying financial statements of Overseas Vote Foundation, Inc. (a non-profit organization) (the "Organization") which comprise the statements of financial position as of December 31, 2012 and 2011, 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.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 of the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Overseas Vote Foundation, Inc as of December 31, 2012 and 2011, 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.

A handwritten signature in black ink, appearing to read "D. Wyant Jr., CPA". The signature is stylized with a large, looping initial "D" and a trailing "PA" at the end.

Simpsonville, South Carolina  
March 26, 2013

**OVERSEAS VOTE FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2012 & 2011**

	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 109,601	\$ 106,615
Accounts receivable	186,112	26,600
Contributions receivable	-	4,000
Deposits	875	22,040
Prepaid assets	<u>881</u>	<u>1,027</u>
Total Current Assets	<u>297,469</u>	<u>160,282</u>
<b>FURNITURE AND EQUIPMENT</b>		
Furniture & equipment	4,817	3,026
Less: Accumulated depreciation	<u>(2,950)</u>	<u>(2,166)</u>
Total Furniture and Equipment	<u>1,867</u>	<u>860</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 299,336</u></b>	<b><u>\$ 161,142</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 170,273	\$ 28,184
Due to directors	449	1,048
Loans payable - related party	45,000	-
Accrued expenses	<u>37,679</u>	<u>24,450</u>
Total Current Liabilities	<u>253,401</u>	<u>53,682</u>
<b>NET ASSETS</b>		
Unrestricted net assets	45,935	80,530
Temporarily restricted net assets	<u>-</u>	<u>26,930</u>
Total Net Assets	<u>45,935</u>	<u>107,460</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 299,336</u></b>	<b><u>\$ 161,142</u></b>

The accompanying notes are an integral part of the financial statements.

**OVERSEAS VOTE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
with comparative summarized information for the year ended December 31, 2011

	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Contributed support	\$ 57,830	\$ -	\$ 57,830	\$ 76,650
Gifts in-kind	106,505	-	106,505	61,893
Donated professional services	182,274	-	182,274	52,000
Earned revenues	564,211	-	564,211	309,260
Net assets released from restrictions	<u>26,930</u>	<u>(26,930)</u>	<u>-</u>	<u>-</u>
Total support and revenues	937,750	(26,930)	910,820	499,803
 <b>EXPENSES</b>				
Program A - Election Official Directory	2,984	-	2,984	6,789
Program B - Hosted Systems	251,608	-	251,608	255,209
Program C - Express Your Vote	4,936	-	4,936	239
Program D - Midterm Mobilization	3,410	-	3,410	14,558
Program F - Overseas Voter Network	4,573	-	4,573	22,948
Program G - Overseas Citizens Count	-	-	-	131,083
Program H - EASE Grants	385,365	-	385,365	12,488
Program I - U.S. Vote	114,426	-	114,426	17,132
Fundraising	3,163	-	3,163	4,637
UOCAVA Summit	115,885	-	115,885	38,234
Depreciation	784	-	784	605
Management and administrative	<u>85,211</u>	<u>-</u>	<u>85,211</u>	<u>25,587</u>
Total Expenses	972,345	-	972,345	529,509
 <b>CHANGE IN NET ASSETS</b>	(34,595)	(26,930)	(61,525)	(29,706)
 <b>NET ASSETS, BEGINNING OF YEAR</b>	<u>80,530</u>	<u>26,930</u>	<u>107,460</u>	<u>137,166</u>
 <b>NET ASSETS, END OF YEAR</b>	<u><b>\$45,935</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 45,935</b></u>	<u><b>\$ 107,460</b></u>

The accompanying notes are an integral part of the financial statements.

**OVERSEAS VOTE FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 90,300	\$ 4,800	\$ 900	\$ 96,000
Payroll taxes and benefits	6,908	367	69	7,344
Grants to other organizations	-	600	-	600
Contract expense	65,768	-	-	65,768
Website programming	423,919	-	-	423,919
Hosting-website	10,750	1,135	-	11,885
Graphic design	571	-	-	571
Telephone	3,514	3,317	-	6,831
Office supplies	504	3,227	-	3,731
Travel	12,966	9,563	-	22,529
Meals & entertainment	1,034	1,501	-	2,535
Postage	1,563	201	80	1,844
Printing & supplies	1,530	1,349	-	2,879
Professional fees	30,018	52,797	-	82,815
Meetings / seminars	77,641	470	-	78,111
Contract services	10,775	-	-	10,775
Depreciation	-	784	-	784
Advertising	137,307	-	-	137,307
Insurance	2,839	2,270	-	5,109
Interest expense	-	1,707	-	1,707
Organizational cost	445	824	-	1,269
Bank service charges	3,707	534	2,114	6,355
Dues & subscriptions	<u>1,128</u>	<u>549</u>	<u>-</u>	<u>1,677</u>
 Total expenses	 <u>\$ 883,187</u>	 <u>\$ 85,995</u>	 <u>\$ 3,163</u>	 <u>\$ 972,345</u>

The accompanying notes are an integral part of the financial statements.

**OVERSEAS VOTE FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Program <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 65,896	\$ 900	\$ 900	\$ 67,696
Payroll taxes and benefits	6,190	69	69	6,328
Grants to other organizations	-	250	-	250
Contract expense	115,838	-	-	115,838
Website programming	136,951	625	1,900	139,476
Hosting-website	9,771	906	-	10,677
Graphic design	4,164	-	-	4,164
Telephone	(1,821)	1,392	-	(429)
Office supplies	776	1,182	-	1,958
Travel	14,950	9,460	-	24,410
Meals & entertainment	609	1,545	-	2,154
Postage	48	341	-	389
Printing & supplies	4,682	62	-	4,744
Professional fees	48,749	5,751	-	54,500
Meetings / seminars	13,756	846	-	14,602
Contract services	3,834	-	-	3,834
Depreciation	-	605	-	605
Advertising	61,892	-	-	61,892
Insurance	705	1,548	-	2,253
Interest expense	-	15	-	15
Organizational cost	-	235	-	235
Bank service charges	825	126	1,678	2,629
Donated materials & supplies	9,995	-	-	9,995
Penalties	-	334	-	334
Dues & subscriptions	<u>870</u>	<u>-</u>	<u>90</u>	<u>960</u>
Total expenses	<u>\$ 498,680</u>	<u>\$ 26,192</u>	<u>\$ 4,637</u>	<u>\$ 529,509</u>

The accompanying notes are an integral part of the financial statements.

**OVERSEAS VOTE FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (61,525)	\$ (29,706)
Adjustments to reconcile change in net assets to net cash used by / provided by operating activities:		
Depreciation	784	605
(Increase) decrease in current assets:		
Accounts receivable	(159,512)	46,006
Pledges receivable	4,000	(4,000)
Advances	-	2,500
Deposits	21,165	(22,040)
Prepaid expenses	146	(716)
Increase (decrease) in current liabilities:		
Accounts payable	142,089	23,014
Due to directors	(599)	(14,415)
Accrued expenses	<u>13,229</u>	<u>15,042</u>
Net cash used by / provided by operating activities	<u>(40,223)</u>	<u>16,290</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property	<u>(1,791)</u>	<u>-</u>
Net cash used by investing activities	<u>(1,791)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans payable - related party	60,000	-
Payments on loans payable - related party	<u>(15,000)</u>	<u>-</u>
Net cash provided by financing activities	<u>45,000</u>	<u>-</u>
<b>NET INCREASE IN CASH</b>	2,986	16,290
<b>CASH, BEGINNING OF YEAR</b>	<u>106,615</u>	<u>90,325</u>
<b>CASH, END OF YEAR</b>	<u><b>\$ 109,601</b></u>	<u><b>\$ 106,615</b></u>

The accompanying notes are an integral part of the financial statements.



**OVERSEAS VOTE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Overseas Vote Foundation, Inc. (the "Organization") is a non-profit organization located in Arlington, Virginia. The Organization serves overseas and military voters by providing public access to innovative voter registration tools and services. The Organization's support comes primarily from licensed services, grants from organizations and from individual donors' contributions.

The Organization is a non-profit organization as described in Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes.

**ACCOUNTING METHOD:** The Organization uses the accrual method of accounting. In accordance with FASB Accounting Standards Codification FASB ASC 958-605-25-2 the Organization recognizes contributions as revenue in the period pledged and recognize expenses for goods and services as incurred.

**BASIS OF PRESENTATION:** As per the guidance of FASB ASC 958-205-45, the Organization classifies net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time

Permanently restricted net assets – net assets subject to donor-imposed stipulations to be held in perpetuity. The Organization does not have any permanently restricted assets.

**ESTIMATES:** The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CASH AND CASH EQUIVALENTS:** The Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents for the purposes of the statement of cash flows.

**ACCOUNTS RECEIVABLE:** Receivables consist primarily of amounts due from licensing contracts with states or other entities and are carried at original invoice amount. Accounts receivable and related revenues are recorded as earned during the year. Receivables past due more than sixty days are considered delinquent. Delinquent receivables are written off after review of the specific circumstances. No allowance for doubtful accounts is considered necessary at December 31, 2012 and at December 31, 2011.

**CONTRIBUTIONS RECEIVABLE:** Contributions receivable represent unconditional promises to give by donors. Current contributions receivable are expected to be collected during the next year and are recorded at net realizable value. No contributions receivable were recorded in 2012. As of December 31, 2011, \$4,000 in contributions receivable were recorded.

**OVERSEAS VOTE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**FURNITURE AND EQUIPMENT:** Furniture and equipment is stated at cost less accumulated depreciation. It is the Organization's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. The cost of furniture and equipment is depreciated over the estimated useful lives of the related assets. The cost of assets sold, retired or otherwise disposed of and the related accumulated depreciation is removed from the accounts, and any resulting gain or loss is included in income. Renewals and betterments that materially extend the life of an asset are capitalized. Expenditures for repairs and maintenance are charged against income as incurred. Furniture and equipment are being depreciated over estimated useful lives of five to seven years using a straight-line method.

**FAIR VALUE:** The Organization follows FASB ASC 820 Fair Value Measurements and Disclosures. The standard prioritized the use of market-based information and established a three-level hierarchy based on transparency of information, such as pricing source, used in the valuation of the asset or liability. As required by the standard, assets and liabilities carried at fair value on a recurring basis are classified in one of the following three-level hierarchy categories:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date

Level 2: Observable inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

The Organization records contributed services at their fair value.

**FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE:** Financial instruments not measured at fair value include cash and cash equivalents, receivables, accounts payable and accrued expenses. The carrying amounts of these items approximates fair value due to the short term nature of the financial instruments.

**CONTRIBUTED SERVICES:** FASB ASC 958-605-25-16 through 25-17, states that contributions of services shall be recognized if the services require specialized skills. Contributed services that do not meet the criteria shall not be recognized. Contributed services are reflected as contributions in the accompanying statements at their estimated values on the date of receipt. The Organization benefited from donated chief executive officer ("CEO"), chief financial officer ("CFO"), and corporate legal services in the year ended December 31, 2012, in the amount of \$96,000 plus payroll taxes in the amount of \$7,344. The amounts are recorded in the various programs and services based on approximate time spent. Additionally, the Organization benefited from additional attorneys' services for the years ended December 31, 2012 and 2011 in the amounts of \$80,315 and \$52,000 respectively, which was also recorded in program services and administrative expenses.

Further, volunteers have donated significant amounts of time to the Organization in various capacities. However, these services have not been reflected in the financial statements since they neither require specialized skills nor would they have typically been purchased had they not been donated.

**TAX STATUS:** The Organization is a qualified tax-exempt non-profit organization under Section 501 (c) (3) of the Internal Revenue Code and similar state provisions and is therefore exempt from Federal and State income taxes.

**OVERSEAS VOTE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

ADVERTISING: As per guidance in FASB ASC 340-20-25 and FASB ASC 720-35-25, direct response advertising to be capitalized when it can be shown that customers responded to a specific advertisement and there is probable future economic benefit. In 2006, the Organization received a grant from Google™ for their Google™AdWords program. The AdWords program is a direct response advertising program whereby, individuals are lead to the Organization's website by Google™'s search page. Since the Organization does not directly receive any economic benefit and the Google™ AdWords were a grant, the Organization records the grant as a contribution and expenses the advertising cost. Advertising costs expensed were \$137,307 and \$61,892 for the year ended December 31, 2012 and 2011 respectively.

PRIOR YEAR COMPARISONS AND RECLASSIFICATIONS - The Organization has included both current and prior year financial data in its financial statements. As per the guidance in FASB ASC 958-205-45-8, to facilitate the comparison on the Statement of Activities, the Organization has chosen to present the prior year's information in summary form, without segregation of the data by net asset values. As a result, that particular historical information is not presented in compliance with generally accepted accounting principles. It should therefore be reviewed in conjunction with the more detailed information set forth in the audited financial statements for the year ended December 31, 2011, the source from which the summary information was derived.

**NOTE 2 – FUNCTIONAL ALLOCATION OF EXPENSES**

As per the guidance in FASB ASC 958-204-45-6, 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 3 – CONCENTRATIONS**

There was no concentrations of revenue and support for the year ended December 31, 2012. During the year ended December 31, 2011 one organization provided 51% of revenue and support. One vendor provided a majority of the services to fulfill the Organization's mission.

**NOTE 4 – RESTRICTIONS ON NET ASSETS**

As per the guidance in FASB ASC 958-205-45, the Organization classifies and report net assets in three groups - permanently restricted, temporarily restricted, and unrestricted - based on the existence or absence of donor-imposed restrictions and the nature of those restrictions. The Organization has no permanently restricted assets. Temporarily restricted net asserts contain donor-imposed restrictions that expire upon passage of time or when the Organization undertakes a specific action. These net assets are then released and reclassified to unrestricted support when they are expended.

At December 31, 2012, \$26,930 in temporarily restricted net assets from two grants was released from restriction when they incurred expenses satisfying the purpose of the grants. At December 31, 2011, \$29,796 in temporarily restricted net assets from two grants were released from restriction when they incurred expenses satisfying the purpose of the grants.

**OVERSEAS VOTE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 – RESTRICTIONS ON NET ASSETS (CONTINUED)**

Temporarily restricted net assets are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Specific grant programs	\$ <u>-</u>	\$ <u>-</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

	<u>2012</u>	<u>2011</u>
Purpose restriction accomplished:		
Carnegie grant - Midterm Mobilization	\$ 4,994	\$ 6,933
The PEW grant - OVF Network	<u>21,936</u>	<u>22,863</u>
Total restrictions released	<u>\$ 26,930</u>	<u>\$ 29,796</u>

**NOTE 5 - LOANS PAYABLE - RELATED PARTY**

On March 22, 2012, the Organization entered into loan agreements with several members of the Board of Directors and borrowed \$60,000. The loans were payable on September 22, 2012 with interest at 4% per year paid monthly. In September 2012, the Organization extended the loans for six months. As of December 31, 2012, the Organization repaid \$10,000 of the loans and one Board of Director member designated their loan as a charitable contribution. The outstanding balance on the loans was \$45,000 at December 31, 2012.

**NOTE 6 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

During the year ended December 31, 2012, the Organization paid interest expense of \$1,441. During the year ended December 31, 2011, the Organization paid interest expense of \$15.

**NOTE 7 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition and disclosure through March 26, 2013, the date the financial statements were issued.

As of March 26, 2013, the Organization repaid an additional \$30,000 of the outstanding loans from the Board of Directors and extended the remaining \$15,000 loan for one month.