

OVERSEAS VOTE FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

OVERSEAS VOTE FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statements of financial position of Overseas Vote Foundation, Inc. (a non-profit organization) (the "Organization") as of December 31, 2009 and 2008, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Overseas Vote Foundation, Inc. as of December 31, 2009 and 2008, its activities, changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

March 17, 2010

OVERSEAS VOTE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009 & 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 45,088	\$ 79,157
Accounts receivable	800	27,119
Prepaid assets	<u>311</u>	<u>207</u>
Total Current Assets	<u>46,199</u>	<u>106,483</u>
FURNITURE AND EQUIPMENT		
Furniture & equipment	3,026	3,026
Less: Accumulated depreciation	<u>(956)</u>	<u>(351)</u>
Total Furniture and Equipment	<u>2,070</u>	<u>2,675</u>
TOTAL ASSETS	<u>\$ 48,269</u>	<u>\$ 109,158</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 623	\$ 35,985
Accrued expenses	<u>21,950</u>	<u>10,271</u>
Total Current Liabilities	<u>22,573</u>	<u>46,256</u>
NET ASSETS		
Unrestricted net assets	18,784	17,802
Temporarily restricted net assets	<u>6,912</u>	<u>45,100</u>
Total Net Assets	<u>25,696</u>	<u>62,902</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 48,269</u>	<u>\$ 109,158</u>

See accompanying notes and accountant's independent audit report.

OVERSEAS VOTE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
with comparative summarized information for the year ended December 31, 2008

	<u>December 31, 2009</u>		<u>December 31, 2008</u>	
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Contributed support	\$ 3,480	\$ -	\$ 3,480	\$ 340,656
Gifts in-kind	103,749	-	103,749	157,118
Donated professional services	129,731	-	129,731	96,204
Earned revenues	62,252	-	62,252	115,844
Net assets released from restrictions	<u>38,188</u>	<u>(38,188)</u>	<u>-</u>	<u>-</u>
Total support and revenues	337,400	(38,188)	299,212	709,822
 EXPENSES				
Program A - Election Official Directory	37,692	-	37,692	3,184
Program B - Hosted Systems	155,596	-	155,596	185,810
Program C - Express Your Vote	11,379	-	11,379	40,102
Program D - VIP Program	-	-	-	27,936
Program E - FWAB	10,990	-	10,990	89,598
Program F - Military Voter	6,084	-	6,084	7,752
Program G - OVF Outreach	11,899	-	11,899	11,096
Program H - State Hosted Systems	27,198	-	27,198	142,802
Program I - Youth Vote Overseas	10,409	-	10,409	26,520
Fundraising	11,164	-	11,164	1,474
UOCAVA Summit	5,876	-	5,876	23,626
Depreciation	605	-	605	329
Management and administrative	<u>47,526</u>	<u>-</u>	<u>47,526</u>	<u>68,295</u>
Total Expenses	336,418	-	336,418	628,524
 CHANGE IN NET ASSETS	982	(38,188)	(37,206)	81,298
 NET ASSETS, BEGINNING OF YEAR	<u>17,802</u>	<u>45,100</u>	<u>62,902</u>	<u>(18,396)</u>
 NET ASSETS, END OF YEAR	<u>\$18,784</u>	<u>\$ 6,912</u>	<u>\$ 25,696</u>	<u>\$ 62,902</u>

See accompanying notes and accountant's independent audit report.

OVERSEAS VOTE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 66,250	\$ 10,250	\$ 8,500	\$ 85,000
Payroll taxes and benefits	6,468	1,005	831	8,304
Contract expense	6,290	3,600	-	9,890
Website programming	46,357	-	-	46,357
Hosting-website	8,616	834	-	9,450
Graphic design	3,785	945	-	4,730
Telephone	259	1,053	-	1,312
Office supplies	-	543	-	543
Travel	5,879	4,236	-	10,115
Meals & entertainment	-	459	-	459
Postage	14	99	130	243
Printing & supplies	275	4,773	-	5,048
Professional fees	23,477	15,799	480	39,756
Meetings / seminars	1,393	235	-	1,628
Contract services	4,001	2,150	-	6,151
Depreciation	-	605	-	605
Advertising	103,749	-	-	103,749
Insurance	-	1,140	-	1,140
Organizational cost	-	208	-	208
Bank service charges	310	197	923	1,430
Dues & subscriptions	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
 Total expenses	 <u>\$ 277,123</u>	 <u>\$ 48,131</u>	 <u>\$ 11,164</u>	 <u>\$ 336,418</u>

See accompanying notes and accountant's independent audit report.

OVERSEAS VOTE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 31,500	\$ 33,333	\$ -	\$ 64,833
Payroll taxes and benefits	-	3,138	-	3,138
Contract expense	60,014	-	-	60,014
Website programming	167,246	3,408	-	170,654
Hosting-website	17,290	5,820	-	23,110
Graphic design	22,763	-	-	22,763
Telephone	113	1,531	-	1,644
Office supplies	652	1,263	-	1,915
Travel	10,049	5,544	-	15,593
Meals & entertainment	1,341	695	-	2,036
Postage	2,230	-	139	2,369
Printing & supplies	1,525	274	105	1,904
Professional fees	53,850	6,850	-	60,700
Meetings / seminars	1,320	495	-	1,815
Contract services	3,333	-	-	3,333
Depreciation	-	329	-	329
Advertising	160,699	173	-	160,872
Public relations	22,167	-	-	22,167
Staff development	-	3,550	-	3,550
Insurance	-	1,037	-	1,037
Organizational cost	-	376	-	376
Bank service charges	2,334	388	1,230	3,952
Fines & penalties	-	420	-	420
Total expenses	<u>\$ 558,426</u>	<u>\$ 68,624</u>	<u>\$ 1,474</u>	<u>\$ 628,524</u>

See accompanying notes and accountant's independent audit report.

OVERSEAS VOTE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (37,206)	\$ 81,298
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	605	329
(Increase) decrease in current assets:		
Accounts receivable	26,319	(10,548)
Prepaid expenses	(104)	793
Increase (decrease) in current liabilities:		
Accounts payable	(35,362)	4,556
Due to directors	-	(7,131)
Accrued expenses	<u>11,679</u>	<u>6,271</u>
Net cash (used in) provided by operating activities	<u>(34,069)</u>	<u>75,568</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>-</u>	<u>(2,371)</u>
Net cash used in investing activities	<u>-</u>	<u>(2,371)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET (DECREASE) INCREASE IN CASH	(34,069)	73,197
CASH, BEGINNING OF YEAR	<u>79,157</u>	<u>5,960</u>
CASH, END OF YEAR	<u>\$ 45,088</u>	<u>\$ 79,157</u>

See accompanying notes and accountant's independent audit report.

OVERSEAS VOTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 - 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 grants from charitable 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.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

In June 2009, the Financial Accounting Standards Board ("FASB") issued SFAS No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles," which was primarily codified into ASC Topic 105, "*Generally Accepted Accounting Standards*." It establishes the FASB Accounting Standards Codification ("ASC") as the single source of authoritative non governmental U.S. generally accepted accounting principles ("GAAP"), superseding existing FASB, American Institute of Certified Public Accountants ("AICPA"), Emerging Issues Task Force ("EITF"), and related accounting literature. The ASC does not create new accounting and reporting guidance rather it reorganizes GAAP pronouncements into approximately 90 topics within a consistent structure. This guidance is effective for financial statements issued for reporting periods that end after September 15, 2009. This guidance impacts the Organization's financial statements and related disclosures as all references to authoritative literature reflects the newly adopted codification. The Organization adopted ASC Topic 105 on September 30, 2009.

In May 2009, the FASB issued ASC Topic 855-10-25 through 855-10-55, "*Subsequent Events*" (collectively, "ASC 855-10"), which established general standards of accounting disclosure of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. ASC Topic 855-10-25, "*Recognition*," requires an entity to recognize, in the financial statements, subsequent events that provide additional information regarding conditions that existed at the balance sheet date. Subsequent events that provide information about conditions that did not exist at the balance sheet date shall not be recognized in the financial statements under ASC Topic 855-10. ASC Topic 855-10 was effective for interim and annual reporting periods on or after June 15, 2009. The Organization adopted ASC Topic 855-10 during the second quarter of 2009, and its application had no material impact on the Organization's financial position or results of operation. The Organization evaluated subsequent events through the date the accompanying financial statements were issued, which was March 17, 2010.

See accountant's independent audit report.

OVERSEAS VOTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING METHOD: The Organization uses the accrual method of accounting. In July 2009, the FASB issued ASC Topic 958 “*Not-for-Profit Entities*” and ASC Topic 605 “*Revenue Recognition*” (formerly SFAS No. 116, “*Accounting for Contributions Received and Contributions Made*,”) ASC 958-605-25-2 requires that an organization shall recognize contributions as revenue in the period pledged and recognize expenses for goods and services as incurred.

BASIS OF PRESENTATION: As per the guidance of ASC Topic 958-204-45 (“*Not-for-Profit Entities-Presentation of Financial Statements-Other Presentation Matters*”), 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

CONTRIBUTED SERVICES: ASC Topic 958-605-25-16 through 25-17 (“*Not-for-Profit Entities-Revenue Recognition-Recognition-Contributed Services*”), 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”) services in the years ended December 31, 2009 and 2008 and chief financial officer (“CFO”) services for the year ended December 31, 2009. The Organization recorded donated payroll of \$85,000 plus payroll taxes of \$8,304 for the year ended December 31, 2009 and recorded donated payroll of \$33,333 plus payroll taxes in the amount of \$3,138 for December 31, 2008. The payroll and payroll taxes are recorded in the various programs and services based on approximate time spent. Additionally, the Organization benefited from attorneys’ services for the year ended December 31, 2009 and 2008 in the amounts of \$36,427 and \$54,950 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.

ACCOUNTS RECEIVABLE: 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, 2009 and December 31, 2008.

See accountant’s independent audit report.

OVERSEAS VOTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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.

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.

ADVERTISING: As per guidance in ASC Topic 340-20-25 ("*Other Assets and Deferred Costs-Capital Advertising Costs-Recognition*") and ASC Topic 720-35-25 ("*Other Expenses-Advertising Costs-Recognition*") (formerly Statement of Position 93-7, *Reporting on Advertising Costs*), 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 \$103,749 and \$157,118 for the year ended December 31, 2009 and 2008 respectively. In addition, other advertising expenses related to generating website traffic amounted to \$3,754 for the year ended December 31, 2008.

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.

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 ASC Topic 958-205-45-8 ("*Not-for-Profit Entities-Presentation of Financial Statements-Other Presentation Matters-Comparative Financial Statements*"), 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, 2008, the source from which the summary information was derived.

See accountant's independent audit report.

OVERSEAS VOTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 – FUNCTIONAL ALLOCATION OF EXPENSES

As per the guidance in ASC Topic 958-204-45-6 (*“Not-for-Profit Entities-Presentation of Financial Statements-Other Presentation Matters-Statement of Functional 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 3 – CONCENTRATIONS

There were no concentrations for the year ended December 31, 2009. During the year ended December 31, 2008 two donors accounted for approximately 40% of revenues 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 ASC Topic 958-205-45 (*“Not-for-Profit Entities-Presentation of Financial Statements-Other Presentation Matters”*), 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, 2009, \$38,188 in temporarily restricted net assets from two grants were released from restriction when they incurred expenses satsifying the purpose of the grants. At December 31, 2008, \$257,400 in temporarily restricted net assets from three grants were released from restriction when they incurred expenses satisfying the purpose of the grants. All of the grant support was received in the year ending December 31, 2008.

Temporarily restricted net assets are available for the following purposes:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Specific grant programs	\$ <u>-</u>	\$ <u>302,500</u>

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

Purpose restriction accomplished:		
Carnegie grant - Youth Vote Overseas	\$ -	\$ 25,000
The PEW grant - Federal Write-in Absentee Ballot	10,990	89,598
JEHT Foundation grant - State Hosted Systems	<u>27,198</u>	<u>142,802</u>
Total restrictions released	\$ <u>38,188</u>	\$ <u>257,400</u>

See accountant’s independent audit report.