

**OVERSEAS VOTE FOUNDATION, INC.**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**OVERSEAS VOTE FOUNDATION, INC.**

---

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITOR’S REPORT</b>	
<b>STATEMENTS OF FINANCIAL POSITION, December 31, 2008 &amp; 2007 .....</b>	<b>2</b>
<b>STATEMENTS OF ACTIVITIES</b>	
For the Year Ended December 31, 2008	
with summarized financial information for the year ended December 31, 2007.....	3
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	
For the Years Ended December 31, 2008 & 2007 .....	4-5
<b>STATEMENTS OF CASH FLOWS</b>	
For the Years Ended December 31, 2008 & 2007 .....	6
<b>NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>7 - 9</b>

\* \* \* \* \*

DON WYANT JR., CPA  
321 SHADOW RIDGE CIRCLE  
SIMPSONVILLE, SC 29681  
864-346-8673

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 nonprofit organization) (the "Organization") as of December 31, 2008, and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. 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 did not audit the financial statements as of December 31, 2007 for the year then ended. Those statements were audited by another auditor whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Organization, is based solely on the report of the other auditor.

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 disclosures in the financial statements. An audit also included 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 and the report of the other auditor provide a reasonable basis of my opinion.

In my opinion, based on my audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2008 and 2007 and the changes in its 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 Jr., CPA". The signature is stylized with a large, looped initial "D" and a cursive "Wyant".

April 4, 2009

**OVERSEAS VOTE FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2008 & 2007**

---

<b>ASSETS</b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>CURRENT ASSETS</b>		
Cash	\$ 79,157	\$ 5,960
Accounts receivable	27,119	16,571
Prepaid assets	<u>207</u>	<u>1,000</u>
Total Current Assets	<u>106,483</u>	<u>23,531</u>
<b>FURNITURE AND EQUIPMENT</b>		
Furniture & equipment	3,026	655
Less: Accumulated depreciation	<u>(351)</u>	<u>(22)</u>
Total Furniture and Equipment	<u>2,675</u>	<u>633</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 109,158</u></b>	<b><u>\$ 24,164</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 35,985	\$ 31,429
Due to director	-	7,131
Accrued expenses	<u>10,271</u>	<u>4,000</u>
Total Current Liabilities	<u>46,256</u>	<u>42,560</u>
<b>NET ASSETS</b>		
Unrestricted net assets	17,802	(18,396)
Temporarily restricted net assets	<u>45,100</u>	<u>-</u>
Total Net Assets	<u>62,902</u>	<u>(18,396)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 109,158</u></b>	<b><u>\$ 24,164</u></b>

See accompanying notes and accountant's independent auditor's report

**OVERSEAS VOTE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008,**  
**with summarized information for the year ended December 31, 2007**

	<u>2008</u>			<u>2007</u>
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Contributed support	\$ 38,156	\$ 302,500	\$ 340,656	\$ 5,761
Gifts in-kind	157,118	-	157,118	11,948
Donated professional services	96,204	-	96,204	123,410
Earned revenues	115,844	-	115,844	61,404
Net assets released from restrictions	<u>257,400</u>	<u>(257,400)</u>	<u>-</u>	<u>100,000</u>
Total support and revenues	664,722	45,100	709,822	302,523
 <b>EXPENSES</b>				
Program A - EAC Study	-	-	-	24,942
Program B - Election Official Directory	3,184	-	3,184	200
Program C - Hosted Systems	185,810	-	185,810	-
Program D - Express Your Vote	40,102	-	40,102	-
Program E - VIP Project	27,936	-	27,936	-
Program F - FWAB	89,598	-	89,598	-
Program G - Military Voter	7,752	-	7,752	-
Program H - OVF Outreach	11,096	-	11,096	-
Program I - Phase I Website	-	-	-	133,825
Program J - State Hosted Systems	142,802	-	142,802	12,570
Program K - Youth Vote Overseas	26,520	-	26,520	576
Fundraising	1,474	-	1,474	42
UOCAVA Summit	23,626	-	23,626	-
Depreciation	329	-	329	22
Management and administrative	<u>68,295</u>	<u>-</u>	<u>68,295</u>	<u>160,231</u>
Total Expenses	628,524	-	628,524	332,408
 <b>CHANGE IN NET ASSETS</b>	36,198	45,100	81,298	(29,885)
 <b>NET ASSETS, BEGINNING OF YEAR</b>	<u>(18,396)</u>	<u>-</u>	<u>(18,396)</u>	<u>11,489</u>
 <b>NET ASSETS, END OF YEAR</b>	<u>\$ 17,802</u>	<u>\$ 45,100</u>	<u>\$ 62,902</u>	<u>\$ (18,396)</u>

See accompanying notes and accountant's independent auditor's report

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

	Program <u>Services</u>	Management <u>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	<u>-</u>	<u>420</u>	<u>-</u>	<u>420</u>
 Total expenses	 \$ 558,426	 \$ 68,624	 \$ 1,474	 \$ 628,524

See accompanying notes and accountant's independent auditor's report

**OVERSEAS VOTE FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

---

	Program <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ -	\$ 50,000	\$ -	\$ 50,000
Payroll taxes and benefits	-	5,000	-	5,000
Contract expense	24,543	-	-	24,543
Website programming	136,292	-	-	136,292
Hosting-website	1,730	4,425	-	6,155
Graphic design	2,000	-	-	2,000
Telephone	-	1,357	-	1,357
Office supplies	1,672	639	-	2,311
Travel	4,922	6,692	-	11,614
Meals & entertainment	186	496	-	682
Postage	-	107	-	107
Printing & supplies	47	1,938	-	1,985
Professional fees	-	72,410	-	72,410
Meetings / seminars	265	225	-	490
Contract services	-	1,626	-	1,626
Depreciation	-	22	-	22
Advertising	-	11,948	-	11,948
Public relations	-	699	-	699
Staff development	-	-	-	-
Insurance	-	1,244	-	1,244
Organizational cost	-	1,265	-	1,265
Bank service charges	3	613	42	658
Fines & penalties	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total expenses	 <u>\$ 171,660</u>	 <u>\$ 160,706</u>	 <u>\$ 42</u>	 <u>\$ 332,408</u>

See accompanying notes and accountant's independent auditor's report

**OVERSEAS VOTE FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

---

	<u><b>2008</b></u>	<u><b>2007</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITES</b>		
Change in net assets	\$ 81,298	\$ (29,885)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	329	22
(Increase) decrease in current assets:		
Accounts receivable	(10,548)	(9,431)
Prepaid expenses	793	(680)
Increase (decrease) in current liabilities:		
Accounts payable	4,556	26,637
Due to director	(7,131)	6,937
Accrued expenses	<u>6,271</u>	<u>4,000</u>
Net cash provided (used) by operating activities	<u>75,568</u>	<u>(2,400)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	<u>(2,371)</u>	<u>(655)</u>
Net cash used in investing activities	<u>(2,371)</u>	<u>(655)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	73,197	(3,055)
<b>CASH, BEGINNING OF YEAR</b>	<u>5,960</u>	<u>9,015</u>
<b>CASH, END OF YEAR</b>	<u><b>\$ 79,157</b></u>	<u><b>\$ 5,960</b></u>

See accompanying notes and accountant's independent auditor's report



**OVERSEAS VOTE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**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.

**ACCOUNTING METHOD:** The Organization uses the accrual method of accounting. In accordance with the requirements of *Statement of Financial Accounting Standards No. 116*, "Accounting for Contributions Received and Contributions Made," the Organization recognizes contributions as revenue in the period pledged and recognized expenses for goods and services as incurred.

**BASIS OF PRESENTATION:** The Organization has adopted the provisions of *Statement of Financial Accounting Standards No. 117*, "Financial Statements for Not-For-Profit Organizations." Under these provisions, net assets and revenues, expenses, gains and losses are classified 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

**IN-KIND DONATIONS:** Donated 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 services in the years ended December 31, 2008 and 2007 in the amount of \$33,333 plus payroll taxes in the amount of \$3,138, which are recorded in management and administrative expense and \$50,000 plus payroll taxes in the amount of \$5,000 respectively. Additionally, the Organization benefited from attorneys' services for the years ended December 31, 2008 and 2007 in the amounts of \$54,950 and \$68,410 respectively, which was 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.

**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:** 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, 2008 and 2007.

See accountant's independent audit report.

**OVERSEAS VOTE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**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:** Accounting Standards Executive Committee issued *Statement of Position 93-7*, Reporting on Advertising Costs. The statement requires 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 \$157,117 and \$11,948 for the years ended December 31, 2008 and 2007 respectively. In addition, other advertising expenses related to generating web site traffic amounted to \$3,755 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. To facilitate the comparison on the Statement of Activities, the Organization has chosen to present the prior year 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 2007, the source from which the summary information was derived.

Certain items in the fiscal year 2007 financial statements have been reclassified to conform to the presentation of fiscal year 2008. These reclassifications have no impact on previously reported change in net assets.

**NOTE 2 – 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.

See accountant's independent audit report.

**OVERSEAS VOTE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 3 – CONCENTRATIONS**

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.

During the year ended December 31, 2007 one donor and one customer accounted for approximately 83% of revenues and support. During the year ended December 31, 2007, two vendors provided a majority of the services to fulfill the Organizations's mission. At December 31, 2007, 86% of the accounts payable were to these two vendors.

**NOTE 4 – RESTRICTIONS ON NET 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, 2007, \$100,000 in temporarily restricted net assets from one grant was released from restriction due to the completion of a project.

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.

Temporarily restricted net assets are available for the following purposes:

	<u>2008</u>
Specific grant programs	<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	89,598
JEHT Foundation grant - State Hosted Systems	<u>142,802</u>
Total restrictions released	<u>\$ 257,400</u>

See accountant's independent audit report.