

OVERSEAS VOTE FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

OVERSEAS VOTE FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Overseas Vote Foundation, Inc. (a nonprofit organization) (the "Organization") as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our 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, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



May 15, 2008

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OVERSEAS VOTE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007

ASSETS

CURRENT ASSETS

Cash	\$ 5,960
Accounts receivable	16,571
Prepaid assets	<u>1,000</u>
Total Current Assets	<u>23,531</u>

FURNITURE AND EQUIPMENT

Furniture, fixtures & equipment	<u>655</u>
	655
Less: Accumulated Depreciation	<u>(22)</u>
Total Furniture and Equipment	<u>633</u>

TOTAL ASSETS **\$ 24,164**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 31,429
Due to director	7,131
Accrued expenses	<u>4,000</u>
Total Current Liabilities	42,560

NET ASSETS

Unrestricted net assets	<u>(18,396)</u>
Total Net Assets	<u>(18,396)</u>

TOTAL LIABILITIES AND NET ASSETS **\$ 24,164**

See accompanying notes and accountant's independent audit report.

OVERSEAS VOTE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

CHANGES IN UNRESTRICTED NET ASSETS

Contributed support	\$ 5,761
Gifts - in kind	11,948
Donated professional services	123,410
Earned revenues	61,404
Net assets released from restrictions for use in operations	<u>100,000</u>

Total unrestricted support and revenues 302,523

EXPENSES

Program A-EAC Survey	24,942
Program B-Phase I Website	133,825
Program C-State Hosted System	12,570
Program D – Youth Vote Overseas	576
Software licenses	200
Fundraising	42
Depreciation	22
Management and administrative	<u>160,231</u>

Total Expenses 332,408

DECREASE IN UNRESTRICTED NET ASSETS (29,885)

CHANGES IN TEMPORARILY RESTRICTED ASSETS:

Support	100,000
Net assets released from restrictions	<u>(100,000)</u>
Change in temporarily restricted assets	<u>-</u>

CHANGE IN NET ASSETS (29,885)

NET ASSETS, BEGINNING OF YEAR 11,489

NET ASSETS, END OF YEAR \$ (18,396)

See accompanying notes and accountant's independent audit report.

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

	Program Services	Management and General	Fundraising	Total
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
Insurance	-	1,244	-	1,244
Organizational cost	-	1,265	-	1,265
Bank service charges	3	613	42	658
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Total expenses	\$ 171,660	\$ 160,706	\$ 42	\$ 332,408

See accompanying notes and accountant's independent audit report.

OVERSEAS VOTE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (29,885)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	22
(Increase) decrease in current assets:	
Accounts receivable	(9,431)
Prepaid expenses	(680)
Increase (decrease) in current liabilities:	
Accounts payable	26,637
Due to director	6,937
Accrued expenses	<u>4,000</u>
Net cash used in operating activities	<u>(2,400)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(655)</u>
Net cash used in investing activities	<u>(655)</u>

NET DECREASE IN CASH (3,055)

CASH, BEGINNING OF YEAR 9,015

CASH, END OF YEAR \$ 5,960

See accompanying notes and accountant's independent audit report.

OVERSEAS VOTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 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 year ended December 31, 2007 in the amount of \$50,000 plus payroll taxes in the amount of \$5,000, which are recorded in management and administrative expense. Additionally, the Organization benefited from attorneys' services for the year ended December 31, 2007 in the amount of \$68,410, which are also recorded in management and administrative expense.

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, 2007.

See accountant's independent audit report.

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 \$11,948 for the year ended December 31, 2007.

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.

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.

NOTE 3 – CONCENTRATIONS

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 Organization's mission. At December 31, 2007, 86% of the accounts payable were to these two vendors.

See accountant's independent audit report.

NOTE 4 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets 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.

NOTE 5 – SUBSEQUENT EVENT

On January 1, 2008, the JEHT Foundation awarded the Organization a one-year grant of \$200,000 for their State Hosted Systems Program. The Organization received \$150,000 in January 2008 with the remaining \$50,000 to be awarded as a matching grant of \$5,000 for each new state signed up to the State Hosted Systems Program. On March 4, 2008, the Carnegie Corporation of New York awarded the Organization \$25,000 for the Youth Vote Overseas Program.