

U.S VOTE FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014, 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, 2015 and 2014, 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, CPA". The signature is stylized with a large, looping initial "D" and a trailing "CPA".

Simpsonville, South Carolina
January 31, 2017

U.S. VOTE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 & 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 96,203	\$ 162,031
Accounts receivable	57,221	57,071
Deposits	-	875
Prepaid assets	<u>1,042</u>	<u>934</u>
Total Current Assets	<u>154,466</u>	<u>220,991</u>
FURNITURE AND EQUIPMENT		
Furniture & equipment	4,817	4,817
Less: Accumulated depreciation	<u>(4,301)</u>	<u>(3,943)</u>
Total Furniture and Equipment	<u>516</u>	<u>874</u>
TOTAL ASSETS	<u>\$ 154,982</u>	<u>\$ 221,785</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 25,769	\$ 14,165
Accrued expenses	<u>8,887</u>	<u>24,010</u>
Total Current Liabilities	<u>34,656</u>	<u>38,175</u>
NET ASSETS		
Unrestricted net assets	87,962	60,662
Temporarily restricted net assets	<u>32,364</u>	<u>122,948</u>
Total Net Assets	<u>120,326</u>	<u>183,610</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 154,982</u>	<u>\$ 221,785</u>

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

U.S. VOTE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
with comparative summarized information for the year ended December 31, 2014

	<u>December 31, 2015</u>		<u>December 31, 2014</u>	
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Contributed support	\$ 11,573	\$ 35,000	\$ 46,573	\$ 63,221
Gifts in-kind	72,390	-	72,390	84,462
Donated professional services	108,851	-	108,851	105,954
Earned revenues	133,687	-	133,687	173,082
Net assets released from restrictions	<u>125,584</u>	<u>(125,584)</u>	<u>-</u>	<u>-</u>
Total support and revenues	452,085	(90,584)	361,501	426,719
 EXPENSES				
Program A - Election Official Directory	10,630	-	10,630	7,322
Program B - Hosted Systems	205,466	-	205,466	210,116
Program C - Knight Foundation	2,636	-	2,636	-
Program D - U.S. Vote	23,045	-	23,045	53,574
Program E - Research	5,668	-	5,668	10,919
Program F - E2E	102,874	-	102,874	161,069
Program G - My Voter Account	-	-	-	42,852
Fundraising	2,032	-	2,032	937
UOCAVA Summit	30,289	-	30,289	35,667
Depreciation	358	-	358	358
Management and administrative	<u>41,787</u>	<u>-</u>	<u>41,787</u>	<u>22,321</u>
Total Expenses	424,785	-	424,785	545,135
 CHANGE IN NET ASSETS	27,300	(90,584)	(63,284)	(118,416)
 NET ASSETS, BEGINNING OF YEAR	<u>60,662</u>	<u>122,948</u>	<u>183,610</u>	<u>302,026</u>
 NET ASSETS, END OF YEAR	<u>\$87,962</u>	<u>\$ 32,364</u>	<u>\$ 120,326</u>	<u>\$ 183,610</u>

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

U.S. VOTE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 79,200	\$ 16,800	\$ -	\$ 96,000
Payroll taxes and benefits	6,059	1,285	-	7,344
Contract expense	66,557	-	-	66,557
Website programming	76,411	-	-	76,411
Hosting-website	11,636	1,017	-	12,653
Graphic design	5,775	1,200	-	6,975
Telephone	2,848	2,403	-	5,251
Office supplies	2,929	1,953	-	4,882
Travel	16,620	3,828	-	20,448
Meals & entertainment	2,414	240	-	2,654
Printing & supplies	2,244	180	-	2,424
Professional fees	-	8,507	-	8,507
Meetings / seminars	22,321	495	-	22,816
Contract services	1,250	250	-	1,500
Depreciation	-	358	-	358
Advertising	72,390	-	-	72,390
Insurance	-	2,125	-	2,125
Bad debt expense	11,250	-	-	11,250
Organizational cost	-	723	-	723
Bank service charges	729	95	2,032	2,856
Dues & subscriptions	<u>(25)</u>	<u>686</u>	<u>-</u>	<u>661</u>
 Total expenses	 <u>\$ 380,608</u>	 <u>\$ 42,145</u>	 <u>\$ 2,032</u>	 <u>\$ 424,785</u>

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

U.S. VOTE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 91,200	\$ 4,800	\$ -	\$ 96,000
Payroll taxes and benefits	6,977	367	-	7,344
Contract expense	127,467	-	-	127,467
Website programming	115,077	-	-	115,077
Hosting-website	7,015	1,107	-	8,122
Graphic design	808	-	-	808
Telephone	3,521	1,501	-	5,022
Office supplies	2,458	742	-	3,200
Travel	36,032	6,434	-	42,466
Meals & entertainment	6,666	755	-	7,421
Postage	-	103	-	103
Printing & supplies	1,399	94	-	1,493
Professional fees	-	5,610	-	5,610
Meetings / seminars	15,201	670	-	15,871
Contract services	7,430	-	-	7,430
Depreciation	-	358	-	358
Advertising	97,556	(5,048)	-	92,508
Insurance	-	2,317	-	2,317
Organizational cost	25	534	-	559
Bank service charges	2,047	187	937	3,171
Dues & subscriptions	<u>640</u>	<u>2,148</u>	<u>-</u>	<u>2,788</u>
 Total expenses	 <u>\$ 521,519</u>	 <u>\$ 22,679</u>	 <u>\$ 937</u>	 <u>\$ 545,135</u>

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

U.S. VOTE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (63,284)	\$ (118,416)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	358	358
(Increase) decrease in current assets:		
Accounts receivable	(150)	(10,871)
Deposits	875	(412)
Prepaid expenses	(108)	(592)
Decrease (increase) in current liabilities:		
Accounts payable	11,604	(3,724)
Accrued expenses	<u>(15,123)</u>	<u>(4,347)</u>
Net cash used by operating activities	<u>(65,828)</u>	<u>(138,004)</u>
NET DECREASE IN CASH	(65,828)	(138,004)
CASH, BEGINNING OF YEAR	<u>162,031</u>	<u>300,035</u>
CASH, END OF YEAR	<u>\$ 96,203</u>	<u>\$ 162,031</u>

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

U.S. VOTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

U.S. Vote Foundation, Inc. (the “Organization”) is a non-profit organization located in Arlington, Virginia. The Organization serves U.S., 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, 2015 and at December 31, 2014.

U.S. VOTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 & 2014, 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, 2015 and 2014 in the amounts of \$5,507 and \$2,610 respectively, which was recorded in 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.

U.S. VOTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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 \$72,390 and \$92,508 for the year ended December 31, 2015 and 2014 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, 2014, 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, 2015 and 2014. One vendor provided a majority of the services to fulfill the Organization's mission in 2015 and 2014.

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, 2015, \$125,584 in temporarily restricted net assets from two grants were released from restriction when they incurred expenses satisfying the purpose of the grants. At December 31, 2014, \$168,181 in temporarily restricted net assets from one grant was released from restriction when they incurred expenses satisfying the purpose of the grants.

U.S. VOTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 – RESTRICTIONS ON NET ASSETS (CONTINUED)

Temporarily restricted net assets are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Specific grant programs	\$ <u>35,000</u>	\$ <u>50,000</u>

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

	<u>2015</u>	<u>2014</u>
Purpose restriction accomplished:		
Omidyar Network Fund - E2E	\$ 113,862	\$ 127,267
Knight Foundation	2,636	-
Omidyar Network Fund - My Voter Account	<u>9,086</u>	<u>40,914</u>
Total restrictions released	<u>\$ 125,584</u>	<u>\$ 168,181</u>

NOTE 5 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition and disclosure through January 31, 2017, the date the financial statements were issued. On January 1, 2016, the Organization received a \$50,000 grant from The Democracy Fund. The project is a joint collaboration between the Organization and Rock the Vote to provide the Organization's civic data application programming interface through the Rock the Vote website.