

U.S. VOTE FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

U.S. VOTE FOUNDATION, INC.

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

REPORT OF INDEPENDENT ACCOUNTING FIRM

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

I have audited the accompanying financial statements of U.S. Vote Foundation, Inc. (a non-profit organization) (the "Organization") which comprise the statements of financial position as of December 31, 2017 and 2016, 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 U.S. Vote Foundation, Inc as of December 31, 2017 and 2016, 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.



Simpsonville, South Carolina
April 25, 2018

U.S. VOTE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 & 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 86,598	\$ 95,499
Accounts receivable	27,580	47,285
Prepaid assets	<u>1,078</u>	<u>1,078</u>
Total Current Assets	<u>115,256</u>	<u>143,862</u>
 FURNITURE AND EQUIPMENT		
Furniture & equipment	4,817	4,817
Less: Accumulated depreciation	<u>(4,817)</u>	<u>(4,659)</u>
Total Furniture and Equipment	<u>-</u>	<u>158</u>
 TOTAL ASSETS	 <u>\$ 115,256</u>	 <u>\$ 144,020</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 37,687	\$ 4,579
Accrued expenses	<u>9,035</u>	<u>7,308</u>
Total Current Liabilities	<u>46,722</u>	<u>11,887</u>
 NET ASSETS		
Unrestricted net assets	65,886	125,212
Temporarily restricted net assets	<u>2,648</u>	<u>6,921</u>
Total Net Assets	<u>68,534</u>	<u>132,133</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 115,256</u>	 <u>\$ 144,020</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, 2017
with comparative summarized information for the year ended December 31, 2016

	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Contributed support	\$ 27,037	\$ -	\$ 27,037	\$ 56,670
Gifts in-kind	51,442	-	51,442	178,226
Donated professional services	107,748	-	107,748	113,919
Earned revenues	88,451	-	88,451	201,756
Net assets released from restrictions	<u>4,273</u>	<u>(4,273)</u>	<u>-</u>	<u>-</u>
Total support and revenues	278,951	(4,273)	274,678	550,571
 EXPENSES				
Program A - Election Official Directory	60,434	-	60,434	6,006
Program B - Hosted Systems	224,118	-	224,118	368,328
Program C - Knight Foundation	348	-	348	41,855
Program D - Civic Data API	5,206	-	5,206	58,706
Fundraising	4,543	-	4,543	5,710
Depreciation	158	-	158	358
Management and administrative	<u>43,470</u>	<u>-</u>	<u>43,470</u>	<u>57,801</u>
Total Expenses	338,277	-	338,277	538,764
 CHANGE IN NET ASSETS	(59,326)	(4,273)	(63,599)	11,807
 NET ASSETS, BEGINNING OF YEAR	<u>125,212</u>	<u>6,921</u>	<u>132,133</u>	<u>120,326</u>
 NET ASSETS, END OF YEAR	<u>\$ 65,886</u>	<u>\$ 2,648</u>	<u>\$ 68,534</u>	<u>\$ 132,133</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, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 76,800	\$ 19,200	\$ -	\$ 96,000
Payroll taxes and benefits	5,875	1,469	-	7,344
Contract expense	18,180	1,000	-	19,180
Website programming	117,236	-	-	117,236
Hosting-website	9,862	780	-	10,642
Graphic design	2,345	-	1,084	3,429
Telephone	-	1,082	-	1,082
Office supplies	140	653	-	793
Travel	348	3,277	-	3,625
Meals & entertainment	-	2,378	-	2,378
Printing	-	176	-	176
Professional fees	-	7,404	-	7,404
Meetings / seminars	55	725	-	780
Depreciation	-	158	-	158
Advertising	51,997	26	47	52,070
Insurance	-	2,321	-	2,321
Bad Debt expense	7,000	-	-	7,000
Interest expense	-	7	-	7
Organizational cost	-	260	-	260
Bank service charges	68	288	3,412	3,768
Penalties	-	1,740	-	1,740
Dues & subscriptions	<u>200</u>	<u>684</u>	<u>-</u>	<u>884</u>
 Total expenses	 <u>\$ 290,106</u>	 <u>\$ 43,628</u>	 <u>\$ 4,543</u>	 <u>\$ 338,277</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, 2016

	Program <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 76,800	\$ 19,200	\$ -	\$ 96,000
Payroll taxes and benefits	5,875	1,469	-	7,344
Contract expense	25,217	3,000	2,500	30,717
Website programming	173,561	-	-	173,561
Hosting-website	11,348	5,462	-	16,810
Graphic design	634	-	-	634
Telephone	2,852	2,990	-	5,842
Office supplies	10	535	148	693
Travel	182	5,060	-	5,242
Meals & entertainment	-	1,723	-	1,723
Professional fees	-	14,364	-	14,364
Meetings / seminars	-	450	-	450
Depreciation	-	358	-	358
Advertising	178,226	-	-	178,226
Insurance	-	2,215	-	2,215
Organizational cost	-	389	-	389
Bank service charges	190	100	3,062	3,352
Penalties	-	160	-	160
Dues & subscriptions	<u>-</u>	<u>684</u>	<u>-</u>	<u>684</u>
 Total expenses	 <u>\$ 474,895</u>	 <u>\$ 58,159</u>	 <u>\$ 5,710</u>	 <u>\$ 538,764</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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (63,599)	\$ 11,807
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	158	358
(Increase) decrease in current assets:		
Accounts receivable	19,705	9,936
Prepaid expenses	-	(36)
Decrease (increase) in current liabilities:		
Accounts payable	33,108	(21,190)
Accrued expenses	<u>1,727</u>	<u>(1,579)</u>
Net cash used by operating activities	<u>(8,901)</u>	<u>(704)</u>
NET DECREASE IN CASH	(8,901)	(704)
CASH, BEGINNING OF YEAR	<u>95,499</u>	<u>96,203</u>
CASH, END OF YEAR	<u>\$ 86,598</u>	<u>\$ 95,499</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, 2017 AND 2016

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, 2017 and at December 31, 2016.

U.S. VOTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017 & 2016, 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, 2017 and 2016 in the amounts of \$4,404 and \$10,575 respectively, which was recorded in professional fees.

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, 2017 AND 2016

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 \$52,070 and \$178,226 for the year ended December 31, 2017 and 2016 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, 2016, 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, 2017 and 2016. One vendor provided a majority of the services to fulfill the Organization's mission in 2017 and 2016.

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, 2017, \$4,273 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, 2016, \$75,443 in temporarily restricted net assets from two grants were 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, 2017 AND 2016

NOTE 4 – RESTRICTIONS ON NET ASSETS (CONTINUED)

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Specific grant programs	\$ <u> -</u>	\$ <u> 50,000</u>

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

	<u>2017</u>	<u>2016</u>
Purpose restriction accomplished:		
Democracy Fund - Civic Data API	\$ 3,925	\$ 46,075
Knight Foundation	<u> 348</u>	<u> 29,368</u>
Total restrictions released	\$ <u> 4,273</u>	\$ <u> 75,443</u>

NOTE 5 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition and disclosure through April 25, 2018, the date the financial statements were issued.