

U.S. VOTE FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

U.S. VOTE FOUNDATION, INC.

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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, 2018 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited the U.S. Vote Foundation, Inc.'s 2017 financial statements, and I expressed an unmodified audit opinion on those audited financial statement in our report dated April 25, 2018. In my opinion, the summarized comparative information presented herein as of and for the year ending December 31, 2017, is consistent, in all material respects, with the audited financial information from which it has been derived.



Simpsonville, South Carolina
August 25, 2019

U.S. VOTE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 & 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 85,316	\$ 86,598
Accounts receivable	33,496	27,580
Prepaid assets	2,015	1,078
Total Current Assets	120,827	115,256
FURNITURE AND EQUIPMENT		
Furniture & equipment	4,817	4,817
Less: Accumulated depreciation	(4,817)	(4,817)
Total Furniture and Equipment	-	-
TOTAL ASSETS	\$ 120,827	\$ 115,256
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 33,468	\$ 37,687
Accrued expenses	7,000	9,035
Total Current Liabilities	40,468	46,722
NET ASSETS		
Without donor restrictions	80,359	65,886
With donor restrictions (Note 4)	-	2,648
Total Net Assets	80,359	68,534
TOTAL LIABILITIES AND NET ASSETS	\$ 120,827	\$ 115,256

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, 2018

With comparative summarized information for the year ended December 31, 2017

	December 31, 2018		December 31, 2017	
REVENUE, GAINS, AND OTHER SUPPORT	Without Donor Restrictions	With Donor Restrictions	Total	Total
Contributions	\$ 36,431	\$ -	\$ 36,431	\$ 27,037
Gifts in-kind	105,709	-	105,709	51,442
Donated professional services	105,621	-	105,621	107,748
Earned revenue	95,321	-	95,321	88,451
	343,082	-	343,082	274,678
Total revenue and support before releases				
Net assets released from restrictions	2,648	(2,648)	-	-
	345,730	(2,648)	343,082	274,678
	345,730	(2,648)	343,082	274,678
 EXPENSES				
Program services				
Program A – Election Official Directory	\$ 6,000	\$ -	\$ 6,000	\$ 60,434
Program B – Hosted Systems	277,914	-	277,914	224,118
Program C – Knight Foundation	2,648	-	2,648	348
Program D – Civic Data API	-	-	-	5,206
Management and general	34,715	-	34,715	43,628
Fundraising	9,980	-	9,980	4,543
Total Expenses	331,257	-	331,257	338,277
CHANGE IN NET ASSETS	14,473	(2,648)	11,825	(63,599)
NET ASSETS, BEGINNING OF YEAR	65,886	2,648	68,534	132,133
NET ASSETS, END OF YEAR	\$ 80,359	\$ -	\$ 80,359	\$ 68,534

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, 2018

	Program Services			Total Programs	Supporting Services Management and General	Fundraising	Total
	Program A	Program B	Program C				
Salaries	-	79,200	-	79,200	16,800	-	96,000
Payroll taxes and benefits	-	6,059	-	6,059	1,285	-	7,344
Contract expense	6,000	13,172	-	19,172	-	-	19,172
Website programming	-	57,970	1,898	59,868	-	-	59,868
Hosting-website	-	12,923	-	12,923	950	-	13,873
Graphic design	-	1,250	-	1,250	-	885	2,135
Telephone	-	-	-	-	855	-	855
Office supplies	-	-	-	-	229	1	230
Travel	-	-	-	-	6,015	-	6,015
Meals & entertainment	-	-	-	-	992	-	992
Postage	-	400	-	400	-	-	400
Printing	-	-	-	-	33	-	33
Professional fees	-	-	750	750	4,527	-	5,277
Meetings / seminars	-	-	-	-	179	-	179
Advertising	-	105,034	-	105,034	-	4,956	109,990
Insurance	-	-	-	-	2,107	-	2,107
Organizational cost	-	-	-	-	260	-	260
Bank service charges	-	23	-	23	187	4,138	4,348
Dues & subscriptions	-	1,883	-	1,883	296	-	2,179
Total expenses	<u>6,000</u>	<u>277,914</u>	<u>2,648</u>	<u>286,562</u>	<u>34,715</u>	<u>9,980</u>	<u>331,257</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

	Program Services				Total Programs	Supporting Services Management and General		Fundraising	Total
	Program A	Program B	Program C	Program D		Management and General	Fundraising		
Salaries	-	76,800	-	-	76,800	19,200	-	96,000	
Payroll taxes and benefits	-	5,875	-	-	5,875	1,469	-	7,344	
Contract expense	6,000	12,180	-	-	18,180	1,000	-	19,180	
Website programming	54,379	57,651	-	5,206	117,236	-	-	117,236	
Hosting-website	-	9,862	-	-	9,862	780	-	10,642	
Graphic design	-	2,345	-	-	2,345	-	1,084	3,429	
Telephone	-	-	-	-	-	1,082	-	1,082	
Office supplies	-	140	-	-	140	653	-	793	
Travel	-	-	348	-	348	3,277	-	3,625	
Meals & entertainment	-	-	-	-	-	2,378	-	2,378	
Printing	-	-	-	-	-	176	-	176	
Professional fees	-	-	-	-	-	7,404	-	7,404	
Meetings / seminars	55	-	-	-	55	725	-	780	
Depreciation	-	-	-	-	-	158	-	158	
Advertising	-	51,997	-	-	51,997	26	47	52,070	
Insurance	-	-	-	-	-	2,321	-	2,321	
Bad debt expense	-	7,000	-	-	7,000	-	-	7,000	
Interest expense	-	-	-	-	-	7	-	7	
Organizational cost	-	-	-	-	-	260	-	260	
Bank service charges	-	68	-	-	68	288	3,412	3,768	
Penalties	-	-	-	-	-	1,740	-	1,740	
Dues & subscriptions	-	200	-	-	200	684	-	884	
Total expenses	60,434	224,118	348	5,206	290,106	43,628	4,543	338,277	

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 11,825	\$ (63,599)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	-	158
Change in current assets:		
Accounts receivable	(5,916)	19,705
Prepaid expenses	(937)	-
Change in current liabilities:		
Accounts payable	(4,219)	33,108
Accrued expenses	(2,035)	1,727
	(1,282)	(8,901)
Net cash used by operating activities	(1,282)	(8,901)
NET DECREASE IN CASH	(1,282)	(8,901)
CASH, BEGINNING OF YEAR	86,598	95,499
CASH, END OF YEAR	\$ 85,316	\$ 86,598

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, 2018 AND 2017

NOTE 1 - NATURE OF ORGANIZATION

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

ACCOUNTING METHOD: The Organization uses the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

BASIS OF PRESENTATION: The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accounts (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, 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:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

CONTRIBUTIONS: Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and / or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor-restricted support if they are received with donor stipulations that limit the use of donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restrictions upon acquisition of the assets and the assets placed in service.

U.S. VOTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018 and at December 31, 2017.

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 \$2,500. 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. 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.

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: The Organization recognizes contributions of services 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, 2018 & 2017, 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, 2018 and 2017 in the amounts of \$2,277 and \$4,404 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.

U.S. VOTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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: The Organization capitalizes direct response advertising 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 \$109,990 and \$52,070 for the year ended December 31, 2018 and 2017 respectively.

PRIOR YEAR COMPARISONS AND RECLASSIFICATIONS: The Organization has included both current and prior year financial data in its financial statements. 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, 2017, the source from which the summary information was derived.

NEW ACCOUNTING PRONOUNCEMENT: On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lac of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 3 – FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort.

NOTE 4 – NET ASSETS – WITH DONOR RESTRICTIONS:

Releases from Donor Restricted Net Assets for the year ended (current year), are as follows:

Releases from restrictions:	
Subject to expenditure for specified purposes:	
Program C activities	\$ 2,648
Total	<u>\$ 2,648</u>

U.S. VOTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 5 – CONCENTRATIONS

There were no concentrations of revenue and support for the year ended December 31, 2018 and 2017. One vendor provided a majority of the services to fulfill the Organization’s mission in 2018 and 2017.

NOTE 6 – LIQUIDITY

The Organization’s financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$ 85,316
Accounts receivable, net	33,496
Prepaid expenses	<u>2,015</u>
Total	<u>\$ 120,827</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 7 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition and disclosure through August 25, 2019, the date the financial statements were issued.