

Verified Voting Foundation

Financial Statements
Year Ended June 30, 2019



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VERIFIED VOTING FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Verified Voting Foundation
Philadelphia, Pennsylvania**

We have audited the accompanying financial statements of Verified Voting Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, 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 U.S. generally accepted accounting principles; 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we 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 on the effectiveness of the entity's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Verified Voting Foundation as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

The financial statements of Verified Voting Foundation as of and for the year ended June 30, 2018, were audited by other auditors, whose report dated January 28, 2020, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BBD, LLP.

**Philadelphia, Pennsylvania
June 28, 2020**

VERIFIED VOTING FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2019 with comparative totals for 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 112,404	\$ 234,741
Grants and contributions receivable	10,000	50,000
Due from related party	47,234	50,356
Office equipment, net of accumulated depreciation of \$4,662 in 2019 and \$21,785 in 2018	<u>2,556</u>	<u>3,214</u>
Total assets	<u>\$ 172,194</u>	<u>\$ 338,311</u>
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 45,973</u>	<u>\$ 113,777</u>
NET ASSETS		
Without donor restrictions	80,892	174,534
With donor restrictions	<u>45,329</u>	<u>50,000</u>
Total net assets	<u>126,221</u>	<u>224,534</u>
Total liabilities and net assets	<u>\$ 172,194</u>	<u>\$ 338,311</u>

See accompanying notes

VERIFIED VOTING FOUNDATION

STATEMENT OF ACTIVITIES

Year ended June 30, 2019 with comparative totals for 2018

	Without	With	Totals	
	Donor	Donor	2019	2018
	Restrictions	Restrictions		
REVENUE AND SUPPORT				
Grants and contributions	\$ 1,092,055	\$ 60,000	\$ 1,152,055	\$ 1,306,762
Program service revenues	38,304	-	38,304	-
Other income	1,438	-	1,438	31
Net assets released from restrictions	<u>64,671</u>	<u>(64,671)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,196,468</u>	<u>(4,671)</u>	<u>1,191,797</u>	<u>1,306,793</u>
EXPENSES				
Program services	990,779	-	990,779	926,881
Management and general	141,017	-	141,017	194,671
Fundraising	<u>158,314</u>	<u>-</u>	<u>158,314</u>	<u>137,435</u>
Total expenses	<u>1,290,110</u>	<u>-</u>	<u>1,290,110</u>	<u>1,258,987</u>
CHANGE IN NET ASSETS	(93,642)	(4,671)	(98,313)	47,806
NET ASSETS				
Beginning of year	<u>174,534</u>	<u>50,000</u>	<u>224,534</u>	<u>176,728</u>
End of year	<u>\$ 80,892</u>	<u>\$ 45,329</u>	<u>\$ 126,221</u>	<u>\$ 224,534</u>

See accompanying notes

VERIFIED VOTING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2019 with comparative totals for 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>	
				<u>2019</u>	<u>2018</u>
Salaries and benefits	\$280,436	\$ 72,528	\$ 87,184	\$ 440,148	\$ 304,047
Contributions and grants	5,000	-	-	5,000	108,000
Depreciation	-	2,224	-	2,224	1,529
Insurance	-	7,130	-	7,130	4,169
Professional fees	580,456	35,338	50,117	665,911	723,571
Rent and office expenses	33,620	19,588	14,743	67,951	61,951
Travel and meetings	87,878	88	6,270	94,236	50,928
Other	<u>3,389</u>	<u>4,121</u>	<u>-</u>	<u>7,510</u>	<u>4,792</u>
Total expenses	<u>\$990,779</u>	<u>\$ 141,017</u>	<u>\$ 158,314</u>	<u>\$ 1,290,110</u>	<u>\$ 1,258,987</u>

See accompanying notes

VERIFIED VOTING FOUNDATION

STATEMENT OF CASH FLOWS

Year ended June 30, 2019 with comparative totals for 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (98,313)	\$ 47,806
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	2,224	1,529
(Increase) decrease in		
Grants and contributions receivable	40,000	50,000
Due from related party	3,122	(3,943)
Other assets	-	5,271
Increase (decrease) in		
Accounts payable and accrued expenses	<u>(67,804)</u>	<u>44,501</u>
Net cash provided by (used for) operating activities	<u>(120,771)</u>	<u>145,164</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of office equipment	<u>(1,566)</u>	<u>(2,129)</u>
Net change in cash	(122,337)	143,035
CASH		
Beginning of year	<u>234,741</u>	<u>91,706</u>
End of year	<u>\$ 112,404</u>	<u>\$ 234,741</u>

See accompanying notes

VERIFIED VOTING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

(1) NATURE OF OPERATIONS

The Verified Voting Foundation ("**VVF**") is an educational nonprofit 501(c)(3) organization incorporated on February 2004 in the State of Delaware. VVF is a non-governmental organization working toward the accuracy, integrity and verifiability of elections.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

VVF reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of VVF and/or the passage of time. When a restriction is satisfied, 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 restrictions.***"

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting VVF to expend the income generated in accordance with the provisions of the contribution. VVF had no net assets required to be maintained indefinitely at June 30, 2019 and 2018.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles ("**GAAP**"). Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expense. Actual results could differ from those estimates.

Office Equipment

Office equipment are carried at cost, if purchased and, at fair value at the date of donation if donated. VVF capitalizes expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Maintenance and repairs are charged to operations when incurred. When property and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation accounts are relieved and any gain or loss is included as increases or decreases in net assets on the statement of activities.

VERIFIED VOTING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Revenue recognition

Grants and contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional grants and contributions are recognized when the related promise to give is received. Conditional grants and contributions are recognized when the conditions are satisfied. VVF uses the allowance method to determine uncollectible grants and contributions receivable. Grants and contributions receivable are considered to be fully collectible, accordingly, no allowance for doubtful accounts is considered to be necessary.

Program service fees are recognized as the services are performed.

Contributed Services

VVF receives numerous hours per year of contributed services for Board and various committee meetings. The financial statements do not reflect the value of these contributed services since these services do not meet the criteria for recognition.

Contributions of donated noncash assets are recorded at their fair market value in the period received.

Income Taxes

VVF is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income tax is included in the accompanying financial statements.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. VVF believes that it had no uncertain tax positions as defined in GAAP.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated are salaries and benefits which are allocated based on estimates of time and effort.

Concentrations of Credit Risk

Financial instruments which potentially subject VVF to concentrations of credit risk are cash, grants and contributions receivable and accounts receivable. VVF maintains cash deposits at high quality financial institutions. At times, such deposits may exceed federally-insured limits. Contributions receivable consist of individual donations. Grants and contributions receivable are expected to be collected in 2020.

Accounting Pronouncements Adopted

On August 18, 2016, the Financial Accounting Standards Board ("**FASB**") issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. VVF has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of VVF's financial statements:

VERIFIED VOTING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- A statement of functional expenses was added providing an analysis of expenses by functional and natural expenses classifications.
- The financial statements include a new disclosure about liquidity and availability of resources (**Note 5**).

(3) DUE FROM RELATED PARTY

VerifiedVoting.org ("**VVO**") is a non-partisan nonprofit 501(c)(4) organization that advocates for legislation and regulation that promotes accuracy, transparency, and verifiable elections. VVO has common board members and management. As of June 30, 2019, the amount due from VVO for allocated expenses in prior years was \$47,234.

(4) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are spendable for the following specific purposes or periods:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30, 2019</u>
Time restrictions	\$50,000	\$10,000	\$(50,000)	\$10,000
Risk Limiting Audit pilot program	<u>-</u>	<u>50,000</u>	<u>(14,671)</u>	<u>35,329</u>
	<u>\$50,000</u>	<u>\$60,000</u>	<u>\$(64,671)</u>	<u>\$45,329</u>

(5) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects VVF's financial assets as of the statement of financial position date, which has been reduced by financial assets not available within one year.

Cash	\$112,404
Contributions receivable	10,000
Due from related party	<u>47,234</u>
Total financial assets	169,638
Less: financial assets not available for general operations within one year:	
Restricted by donors for specific purposes	<u>(35,329)</u>
Total financial assets available within one year	<u>\$134,309</u>

Liquidity Management

As part of VVF's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically money market funds.

VERIFIED VOTING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

(6) RISKS AND UNCERTAINTIES

VVF is currently evaluating the recent introduction of the COVID-19 virus and its impact and has concluded that while it is reasonably possible that the virus could have a negative effect on VVF's grants and contributions, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

(7) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 28, 2020, the date on which the financial statements were available to be issued. Except as disclosed in Note 6, no material subsequent events have occurred since June 30, 2019 that require recognition or disclosure in the financial statements.