

Verified Voting Foundation

Financial Statements
Year Ended June 30, 2020



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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, 2020, 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, 2020, 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

We have previously audited Verified Voting Foundation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects with the audited financial statements from which it has been derived.

BBD, LLP.

**Philadelphia, Pennsylvania
May 5, 2021**

VERIFIED VOTING FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2020 with comparative totals for 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 191,057	\$ 112,404
Grants and contributions receivable	230,581	10,000
Accounts receivable	35,540	-
Due from related party	1,497	47,234
Office equipment, net of accumulated depreciation of \$4,087 in 2020 and \$4,662 in 2019	<u>10,632</u>	<u>2,556</u>
Total assets	<u>\$ 469,307</u>	<u>\$ 172,194</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 69,244	\$ 45,973
Loan payable - Paycheck Protection Program	<u>94,700</u>	<u>-</u>
Total liabilities	<u>163,944</u>	<u>45,973</u>
NET ASSETS		
Without donor restrictions	74,782	80,892
With donor restrictions	<u>230,581</u>	<u>45,329</u>
Total net assets	<u>305,363</u>	<u>126,221</u>
Total liabilities and net assets	<u>\$ 469,307</u>	<u>\$ 172,194</u>

See accompanying notes

VERIFIED VOTING FOUNDATION

STATEMENT OF ACTIVITIES

Year ended June 30, 2020 with comparative totals for 2019

	Without	With	Totals	
	Donor Restrictions	Donor Restrictions	2020	2019
REVENUE AND SUPPORT				
Grants and contributions	\$ 1,333,191	\$ 230,581	\$ 1,563,772	\$ 1,152,055
Program service revenues	35,540	-	35,540	38,304
Other income	156	-	156	1,438
Net assets released from restrictions	<u>45,329</u>	<u>(45,329)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,414,216</u>	<u>185,252</u>	<u>1,599,468</u>	<u>1,191,797</u>
EXPENSES				
Program services	1,084,648	-	1,084,648	990,779
Management and general	177,434	-	177,434	141,017
Fundraising	<u>158,244</u>	<u>-</u>	<u>158,244</u>	<u>158,314</u>
Total expenses	<u>1,420,326</u>	<u>-</u>	<u>1,420,326</u>	<u>1,290,110</u>
CHANGE IN NET ASSETS	(6,110)	185,252	179,142	(98,313)
NET ASSETS				
Beginning of year	<u>80,892</u>	<u>45,329</u>	<u>126,221</u>	<u>224,534</u>
End of year	<u>\$ 74,782</u>	<u>\$ 230,581</u>	<u>\$ 305,363</u>	<u>\$ 126,221</u>

See accompanying notes

VERIFIED VOTING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020 with comparative totals for 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>	
				<u>2020</u>	<u>2019</u>
Salaries and benefits	\$ 416,804	\$ 28,588	\$ 106,362	\$ 551,754	\$ 440,148
Contributions and grants	15,833	-	-	15,833	5,000
Depreciation	-	3,883	-	3,883	2,224
Insurance	-	7,355	-	7,355	7,130
Professional fees	545,035	115,431	24,980	685,446	665,911
Rent and office expenses	57,791	20,976	21,554	100,321	67,951
Travel and meetings	49,185	53	5,348	54,586	94,236
Other	-	1,148	-	1,148	7,510
Total expenses	\$ 1,084,648	\$ 177,434	\$ 158,244	\$ 1,420,326	\$ 1,290,110

See accompanying notes

VERIFIED VOTING FOUNDATION

STATEMENT OF CASH FLOWS

Year ended June 30, 2020 with comparative totals for 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 179,142	\$ (98,313)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	3,883	2,224
(Increase) decrease in		
Grants and contributions receivable	(220,581)	40,000
Accounts receivable	(35,540)	-
Due from related party	45,737	3,122
Increase (decrease) in		
Accounts payable and accrued expenses	<u>23,271</u>	<u>(67,804)</u>
Net cash used for operating activities	<u>(4,088)</u>	<u>(120,771)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of office equipment	<u>(11,959)</u>	<u>(1,566)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable - Paycheck Protection Program	<u>94,700</u>	<u>-</u>
Net change in cash	78,653	(122,337)
CASH		
Beginning of year	<u>112,404</u>	<u>234,741</u>
End of year	<u>\$ 191,057</u>	<u>\$ 112,404</u>

See accompanying notes

VERIFIED VOTING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(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, 2020 and 2019.

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, 2019, 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.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of credit history with organizations having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at June 30, 2020 are not necessary. Interest is not charged on outstanding balances.

VERIFIED VOTING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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.

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 when the performance obligation of providing the service has been completed.

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 2021.

VERIFIED VOTING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Accounting Pronouncements Adopted

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. VVF adopted ASU 2014-09 on July 1, 2019 using the modified retrospective method approach.

VVF performed an analysis of revenue streams and transactions under ASU 2014-09, including applying the portfolio approach as a practical expedient to group contracts with similar characteristics such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. The impact of adopting ASU 2014-09 was not material to total revenues, gains and other support without donor restrictions, change in net assets, or total net assets.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and accounting guidance for contributions received and made and assists entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance, and in determining whether a contribution is conditional. VVF adopted ASU 2018-08 on July 1, 2019.

(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, VVF and VVO have common board members and management. VVF pays expenses on behalf of VVO and, as a result, at June 30, 2020 and 2019, VVO owed VVF \$1,497 and \$47,234, respectively.

(4) LOAN PAYABLE - PAYCHECK PROTECTION PROGRAM

In June 2020, VVF received loan proceeds in the amount of \$94,700 under the Paycheck Protection Program ("**PPP**"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("**Cares Act**"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period.

To the extent that VVF is not granted forgiveness, VVF will be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date of June 2025. The terms of the loan provide for customary events of default including payment defaults, breach of representation of warranties and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

VERIFIED VOTING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(5) NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance June 30, 2020</u>
Time restrictions	\$10,000	\$230,581	\$(10,000)	\$230,581
Risk Limiting Audit pilot program	<u>35,329</u>	<u>-</u>	<u>(35,329)</u>	<u>-</u>
	<u>\$45,329</u>	<u>\$230,581</u>	<u>\$(45,329)</u>	<u>\$230,581</u>

(6) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects VVF's financial assets as of the statement of financial position date, all of which are available for general expenditures within one year.

Cash	\$191,057
Grants and contributions receivable	230,581
Accounts receivable	35,540
Due from related party	<u>1,497</u>
Total financial assets	<u>\$458,675</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.

(7) SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 5, 2021, the date on which the financial statements were available to be issued. The extent of the impact of COVID-19 on VVF's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, all of which cannot be predicted at this time. In 2021, VVF applied for and was granted a Paycheck Protection Program loan in the amount of \$146,517. No material subsequent events have occurred since June 30, 2020 that require recognition or disclosure in the financial statements.