

Verified Voting Foundation

Financial Statements
Year Ended December 31, 2022



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VERIFIED VOTING FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Verified Voting Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Verified Voting Foundation as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Verified Voting Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Verified Voting Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Verified Voting Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Verified Voting Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

BBD, LLP.

Philadelphia, Pennsylvania
August 7, 2023

VERIFIED VOTING FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

Cash	\$ 1,300,211
Grants and contributions receivable	80,263
Due from related party	2,543
Office equipment, net of accumulated depreciation of \$16,224	<u>4,829</u>
Total assets	<u>\$ 1,387,846</u>

LIABILITIES

Accounts payable and accrued expenses	<u>\$ 103,398</u>
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NET ASSETS

Without donor restrictions	1,204,185
With donor restrictions	<u>80,263</u>
Total net assets	<u>1,284,448</u>
Total liabilities and net assets	<u>\$ 1,387,846</u>

See accompanying notes

VERIFIED VOTING FOUNDATION

STATEMENT OF ACTIVITIES

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 1,907,589	\$ 80,263	\$ 1,987,852
Other income	9,309	-	9,309
Net assets released from restrictions	191,163	(191,163)	-
Total revenue and support	<u>2,108,061</u>	<u>(110,900)</u>	<u>1,997,161</u>
EXPENSES			
Program services	1,215,902	-	1,215,902
Management and general	253,633	-	253,633
Fundraising	174,990	-	174,990
Total expenses	<u>1,644,525</u>	<u>-</u>	<u>1,644,525</u>
CHANGE IN NET ASSETS	463,536	(110,900)	352,636
NET ASSETS			
Beginning of year	<u>740,649</u>	<u>191,163</u>	<u>931,812</u>
End of year	<u>\$ 1,204,185</u>	<u>\$ 80,263</u>	<u>\$ 1,284,448</u>

See accompanying notes

VERIFIED VOTING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 544,878	\$ 195,964	\$ 68,573	\$ 809,415
Depreciation	3,384	1,217	426	5,027
Insurance	790	284	99	1,173
Professional fees	597,394	46,545	94,300	738,239
Office expenses	29,595	7,881	10,913	48,389
Travel and meetings	27,912	288	101	28,301
Other	11,949	1,454	578	13,981
Total expenses	<u>\$ 1,215,902</u>	<u>\$ 253,633</u>	<u>\$ 174,990</u>	<u>\$ 1,644,525</u>

See accompanying notes

VERIFIED VOTING FOUNDATION

STATEMENT OF CASH FLOWS

Year ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 352,636
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities	
Depreciation	5,027
Forgiveness of loan payable - Paycheck Protection Program	(146,517)
(Increase) decrease in	
Grants and contributions receivable	110,900
Prepaid expenses	4,500
Due from related party	2,379
Increase (decrease) in	
Accounts payable and accrued expenses	<u>6,267</u>
Net cash provided by operating activities	<u>335,192</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of office equipment	<u>(5,091)</u>
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Net change in cash	330,101
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CASH

Beginning of year	<u>970,110</u>
End of year	<u>\$ 1,300,211</u>

See accompanying notes

VERIFIED VOTING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

(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 December 31, 2022.

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.

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 grants and contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

VERIFIED VOTING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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.

At December 31, 2022, VVF has \$500,000 in conditional grants.

Contributed Services

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

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.

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.

U.S. generally accepted accounting principles ("**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 and grants and contributions receivable. VVF maintains cash deposits at high quality financial institutions. At times, such deposits may exceed federally-insured limits. Grants and contributions receivable consist of donations from individuals and foundations. Grants and contributions receivable are expected to be collected in 2023.

(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 certain expenses on behalf of VVO and, as a result, at December 31, 2022, VVO owed VVF \$2,543.

VERIFIED VOTING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

(4) LOAN PAYABLE - PAYCHECK PROTECTION PROGRAM

In February 2021, VVF received loan proceeds in the amount of \$146,517 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' 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 Small Business Administration forgave 100% of the above PPP loan in June 2022, therefore, VVF has included the forgiveness of \$146,517 in grants and contributions on the 2022 statement of activities.

(5) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are time restricted.

(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	\$1,300,211
Grants and contributions receivable	80,263
Due from related party	<u>2,543</u>
Total financial assets	<u>\$1,383,017</u>

Liquidity Management

VVF has developed a comprehensive policy covering the management of funds and investments by the Board of Directors, and is currently in the process of implementing the policy.

(7) SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 7, 2023, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2022 that require recognition or disclosure in the financial statements.