

VOTEAMERICA, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2022

VOTEAMERICA, INC. AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
VoteAmerica, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of VoteAmerica, Inc. and Subsidiary, VoteAmerica LLC (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 12 – 13 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
November 13, 2023

VOTEAMERICA, INC. AND SUBSIDIARY
Consolidated Statement of Financial Position
December 31, 2022

Assets	
Cash and cash equivalents	\$ 1,012,612
Total assets	<u>\$ 1,012,612</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	\$ 22,276
Accrued vacation	<u>33,754</u>
Total liabilities	<u>56,030</u>
Net Assets and Member's Equity	
Net assets without donor restrictions	792,779
Member's equity	<u>163,803</u>
Total net assets	<u>956,582</u>
Total liabilities and net assets	<u>\$ 1,012,612</u>

See accompanying notes.

VOTEAMERICA, INC. AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 2,106,904	\$ 1,450,000	\$ 3,556,904
Program service fees	169,746	-	169,746
Payroll tax refunds	55,820	-	55,820
Other income	5,126	-	5,126
Net assets released from restrictions:			
Satisfaction of purpose restrictions	1,450,000	(1,450,000)	-
Total revenue and support	<u>3,787,596</u>	<u>-</u>	<u>3,787,596</u>
Expenses			
Program services:			
Get Out The Vote	1,821,518	-	1,821,518
Civic Technology	628,303	-	628,303
Partnerships	337,559	-	337,559
Total program services	<u>2,787,380</u>	<u>-</u>	<u>2,787,380</u>
Supporting services:			
Management and general	308,026	-	308,026
Fundraising	287,046	-	287,046
Total supporting services	<u>595,072</u>	<u>-</u>	<u>595,072</u>
Total expenses	<u>3,382,452</u>	<u>-</u>	<u>3,382,452</u>
Change in Net Assets and Member's Equity	405,144	-	405,144
Net Assets and Member's Equity, beginning of year	<u>551,438</u>	<u>-</u>	<u>551,438</u>
Net Assets and Member's Equity, end of year	<u>\$ 956,582</u>	<u>\$ -</u>	<u>\$ 956,582</u>

See accompanying notes.

VOTEAMERICA, INC. AND SUBSIDIARY
Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total
	Get Out The Vote	Civic Technology	Partnerships		Management and General	Fundraising		
Voter outreach advertising	\$ 1,363,239	\$ 270,703	\$ -	\$ 1,633,942	\$ -	\$ -	\$ -	\$ 1,633,942
Salaries and related expenses	355,987	287,647	304,307	947,941	221,485	185,434	406,919	1,354,860
Professional fees	54,728	55,409	2,025	112,162	37,316	68,447	105,763	217,925
Dues and subscriptions	3,535	8,847	10,162	22,544	17,533	10,853	28,386	50,930
Travel and meetings	19,426	-	10,556	29,982	-	9,890	9,890	39,872
Staff development	20,780	2,509	7,321	30,610	5,504	1,500	7,004	37,614
Bank and credit card fees	-	-	-	-	12,021	-	12,021	12,021
Office expenses	3,823	3,188	3,188	10,199	-	734	734	10,933
Other expenses	-	-	-	-	14,167	10,188	24,355	24,355
Total Expenses	\$ 1,821,518	\$ 628,303	\$ 337,559	\$ 2,787,380	\$ 308,026	\$ 287,046	\$ 595,072	\$ 3,382,452

See accompanying notes.

VOTEAMERICA, INC., AND VOTEAMERICA LLC

Consolidated Statement of Cash Flows

Year Ended December 31, 2022

Cash Flows from Operating Activities	
Change in net assets	\$ 405,144
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in operating assets and liabilities:	
Accounts payable and accrued expenses	(3,296)
Accrued vacation	<u>33,754</u>
Net cash provided by operating activities	<u>435,602</u>
Net Increase in Cash and Cash Equivalents	435,602
Cash and Cash Equivalents, beginning of year	<u>577,010</u>
Cash and Cash Equivalents, end of year	<u>\$ 1,012,612</u>

See accompanying notes.

1. Nature of Operations

VoteAmerica, Inc., (VoteAmerica) was incorporated as a 501(c)(3) organization in November 2019. VoteAmerica did not have an EIN or tax-exempt letter until May 15, 2020 and operated under fiscal sponsorship agreement with Democracy Builder's Fund (DBF). Effective July 1, 2020, VoteAmerica separated from DBF and began operations as a standalone entity. The mission of VoteAmerica is to strengthen United States democracy by increasing voter turnout.

VoteAmerica is the sole member of a limited liability company, VoteAmerica LLC. VoteAmerica was formed in the state of Delaware as a limited liability company on April 2021. VoteAmerica LLC was formed to distribute VoteAmerica's technology platform. VoteAmerica LLC functions exclusively to serve the programmatic goals of VoteAmerica.

Program Descriptions

Partnerships – The Partnerships program aims to deepen community relationship by collaborating with corporations and grassroots movements to expand the impact of Organization's mission.

Civic Technology – VoteAmerica has developed a series of voter engagement tools and tech stack to exponentially increase the effective, reach and impact of VoteAmerica's pursuit of its message.

Get Out The Vote – The goal of the Get Out The Vote program is to encourage and enfranchise voters to participate in the electoral process and cast a ballot in every election in which they are eligible to do so. VoteAmerica primarily accomplishes this through direct mailing, text message campaigns and advertisement.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of VoteAmerica and VoteAmerica LLC (collectively, the Organization) due to ownership. All significant intercompany balances and transactions between VoteAmerica and VoteAmerica LLC have been eliminated during consolidation.

Basis of Accounting

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized as obligations are incurred.

Cash and Cash Equivalents

For purposes of the consolidated financial statements, the Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

2. Summary of Significant Accounting Policies (continued)

Classification of Net Assets

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's general operations and also represents the member's equity in the subsidiary.
- *Net Assets With Donor Restrictions* represent funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of December 31, 2022, the net assets with donor restrictions was \$0, and the Organization did not have any donor-imposed restrictions which are perpetual in nature at December 31, 2022.

Revenue Recognition

Contributions

Unconditional contributions are recognized as revenue when received or promised and are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the accompanying statement of activities as net assets released from restrictions.

Contributions that are considered to be conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are recognized as revenue once the conditions on which they depend have been met. Amounts recognized in revenue that have not been received are included in contributions receivable. Conversely, amounts received in advance of the conditions being met are recorded as refundable advances on the accompanying consolidated statement of financial position. The Organization had no unrecognized conditional awards or refundable advances at December 31, 2022.

Program Service Fees

Program service fees consists of the sale of voting software tools as a service. The revenue is recognized at the point in time when the access is delivered to the contracting party.

Voter Outreach Advertising

The costs of advertising are expensed as incurred. The Organization incurred \$1,633,942 in voter outreach advertising expenses during the year ended December 31, 2022.

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on the accompanying consolidated statement of activities. The consolidated statement of functional expenses presents expenses by function and natural classification. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on the distribution of labor. Expenses allocated include salaries and related expenses.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts reported on the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

3. Concentrations

The Organization maintains demand deposits with a financial institution that may, from time to time, exceed insurable limits. The Organization routinely assesses the financial condition of the institution and believes the risk of any loss is minimal.

In addition, The Organization received 26% of its revenue and support from one donor during the year ended December 31, 2022.

4. Liquidity and Availability of Resources

The following schedule reflects the Organization's consolidated financial assets as of December 31, 2022, reduced by amounts not available for general use within one year. All consolidated financial assets listed below are considered to be convertible to cash within one year:

Consolidated financial assets:	
Cash and cash equivalents	<u>\$ 1,012,612</u>
Consolidated financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,012,612</u>

The Organization's cash flows have variations throughout the year due to the cyclical nature of its contributions. The Organization has a policy to structure its financial assets to become available as general expenditures, liabilities and other obligations become due.

5. Net Assets With Donor Restrictions

During the year ended December 31, 2022, releases from net assets with donor restrictions were for the following:

Satisfaction of purpose restrictions:	
Billboard Program	\$ 1,250,000
Innovation Fund Grant	150,000
Corporate Partnerships	<u>50,000</u>
Total net assets released from donor restrictions	<u>\$ 1,450,000</u>

6. Commitments and Contingencies

According to the rules of the Small Business Administration (SBA), the Organization is required to retain documentation for six years after the date the Paycheck Protection Program loans are forgiven and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all of some of the Organization's judgements pertaining to satisfying conditions of the loans, the Organization may be required to adjust previously reported amounts and disclosures in the consolidated financial statements.

7. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, VoteAmerica is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. As a single member limited liability company, the subsidiary, VoteAmerica LLC, is treated as a "disregarded entity" for income tax purposes. Therefore, VoteAmerica LLC's financial activities are reported in conjunction with the federal tax filings of VoteAmerica. No provision for federal or state income taxes is required for the year ended December 31, 2022, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2022 and determined that there were no matters that would require recognition on the consolidated financial statements or that may have any effect on its tax-exempt status. The statute of limitations generally remains open for three tax years with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns.

8. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 13, 2023, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the consolidated financial statements.

SUPPLEMENTAL INFORMATION

VOTEAMERICA, INC. AND SUBSIDIARY
Consolidating Schedule of Financial Position
December 31, 2022

	VoteAmerica	VoteAmerica LLC	Eliminations	Consolidated
Assets				
Cash and cash equivalents	\$ 893,328	\$ 119,284	\$ -	\$ 1,012,612
Due from related party	-	54,004	(54,004)	-
Total assets	<u>\$ 893,328</u>	<u>\$ 173,288</u>	<u>\$ (54,004)</u>	<u>\$ 1,012,612</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 22,276	-	\$ -	\$ 22,276
Due to related party	44,519	-	(44,519)	-
Accrued vacation	33,754	-	-	33,754
Total liabilities	<u>\$ 100,549</u>	<u>\$ -</u>	<u>\$ (44,519)</u>	<u>\$ 56,030</u>
Net Assets and Member's Equity				
Net assets available for operations	792,779	-	-	792,779
Member's equity	-	173,288	(9,485)	163,803
Total net assets and member's equity	<u>792,779</u>	<u>173,288</u>	<u>(9,485)</u>	<u>956,582</u>
Total liabilities and net assets	<u>\$ 893,328</u>	<u>\$ 173,288</u>	<u>\$ (54,004)</u>	<u>\$ 1,012,612</u>

VOTEAMERICA, INC. AND SUBSIDIARY

Consolidating Schedule of Activities

Year Ended December 31, 2022

	VoteAmerica	VoteAmerica LLC	Eliminations	Consolidated
Revenue and Support				
Contributions	\$ 3,556,904	\$ -	\$ -	\$ 3,556,904
Program service fees	-	169,746	-	169,746
Payroll tax refunds	55,820	-	-	55,820
Other income	5,111	15	-	5,126
Total revenue and support	<u>3,617,835</u>	<u>169,761</u>	<u>-</u>	<u>3,787,596</u>
Expenses				
Program services:				
Get Out The Vote	1,821,518	-	-	1,821,518
Civic Technology	628,303	-	-	628,303
Partnerships	337,559	-	-	337,559
Total program services	<u>2,787,380</u>	<u>-</u>	<u>-</u>	<u>2,787,380</u>
Supporting services:				
Management and general	302,068	5,958	-	308,026
Fundraising	287,046	-	-	287,046
Total supporting services	<u>589,114</u>	<u>5,958</u>	<u>-</u>	<u>595,072</u>
Total expenses	<u>3,376,494</u>	<u>5,958</u>	<u>-</u>	<u>3,382,452</u>
Change in Net Assets and Member's Equity	241,341	163,803	-	405,144
Net Assets and Member's Equity, beginning of period	<u>551,438</u>	<u>9,485</u>	<u>(9,485)</u>	<u>551,438</u>
Net Assets and Member's Equity, end of period	<u>\$ 792,779</u>	<u>\$ 173,288</u>	<u>\$ (9,485)</u>	<u>\$ 956,582</u>