

Kids Voting, Inc. dba Kids Voting Arizona

**Financial Statements
and
Independent Auditor's Report**

December 31, 2008

Kids Voting, Inc. dba Kids Voting Arizona
December 31, 2008

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Independent Auditor's Report

The Board of Directors
Kids Voting, Inc. dba Kids Voting Arizona
Phoenix, Arizona

We have audited the accompanying statement of financial position of Kids Voting, Inc dba Kids Voting Arizona (a nonprofit organization) as of December 31, 2008 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Kids Voting, Inc dba Kids Voting Arizona's 2007 financial statements and, in our report dated October 17, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2008 financial statements referred to above present fairly, in all material respects, the financial position of Kids Voting, Inc. dba Kids Voting Arizona as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



April 18, 2009

Kids Voting, Inc. dba Kids Voting Arizona
Statement of Financial Position
December 31, 2008
(with comparative totals at December 31, 2007)

	<u>2008</u>	<u>2007</u>
Assets		
Current assets:		
Cash	\$ 19,738	\$ 55,815
Amount due from Arizona Foundation for Legal Services and Education	<u>27,295</u>	<u>-</u>
Total current assets	<u>47,033</u>	<u>55,815</u>
Total Assets	<u><u>\$ 47,033</u></u>	<u><u>\$ 55,815</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accrued expenses	<u>\$ 750</u>	<u>\$ -</u>
Total current liabilities	<u>750</u>	<u>-</u>
Net assets:		
Unrestricted	<u>46,283</u>	<u>55,815</u>
Total liabilities and net assets	<u><u>\$ 47,033</u></u>	<u><u>\$ 55,815</u></u>

See accompanying notes to financial statements.

Kids Voting, Inc. dba Kids Voting Arizona
Statement of Activities
For the Year Ended December 31, 2008
(with comparative totals for the year ended December 31, 2007)

	<u>2008</u>	<u>2007</u>
Support, Gains and Other Revenues:		
Unrestricted contributions	\$ 83,885	\$ 48,183
In-kind contributions	76,743	38,093
Gain on sale of equipment	-	3,684
Interest income	10	359
Other revenue	288	2,134
	<u>160,926</u>	<u>92,453</u>
Expenses:		
Program services -		
Education	65,023	10,951
Election	59,883	40,697
Management and general	39,283	24,825
Fundraising	6,269	4,828
	<u>170,458</u>	<u>81,301</u>
Change in net assets	(9,532)	11,152
Net assets, beginning of year	<u>55,815</u>	<u>44,663</u>
Net assets, end of year	<u>\$ 46,283</u>	<u>\$ 55,815</u>

See accompanying notes to financial statements.

Kids Voting, Inc. dba Kids Voting Arizona
Statement of Functional Expenses
For the Year Ended December 31, 2008
(with comparative totals for the year ended December 31, 2007)

	Program Services		Total Program Services	Management and General		Fundraising	Totals	
	Education	Election		General			2008	2007
Salaries and wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,730
Payroll taxes and benefits	-	-	-	-	-	-	-	1,743
Total personnel costs	-	-	-	-	-	-	-	12,473
Contracted management services	39,000	-	39,000	22,750	3,250	65,000	50,000	
Professional fees	19,623	4,270	23,893	11,447	1,635	36,975	-	
Other contracted services	-	-	-	3,750	-	3,750	4,013	
Travel	-	-	-	-	-	-	49	
Conferences and meetings	-	2,251	2,251	-	-	2,251	336	
Occupancy	-	-	-	-	-	-	7,112	
In-kind rent	-	-	-	-	-	-	3,093	
Insurance	-	-	-	1,227	-	1,227	1,629	
Equipment rental and maintenance	-	-	-	-	-	-	483	
Telephone	-	-	-	-	-	-	381	
Communications	-	-	-	-	-	-	174	
Networking and marketing	6,400	1,762	8,162	-	1,384	9,546	-	
Supplies	-	3,283	3,283	-	-	3,283	98	
Bank service charges	-	-	-	109	-	109	132	
Postage and shipping	-	13,118	13,118	-	-	13,118	53	
Printing and publications	-	35,199	35,199	-	-	35,199	-	
Total expenses before depreciation	65,023	59,883	124,906	39,283	6,269	170,458	80,026	
Depreciation expense	-	-	-	-	-	-	-	1,275
Total expenses	\$ 65,023	\$ 59,883	\$ 124,906	\$ 39,283	\$ 6,269	\$ 170,458	\$ 81,301	

See accompanying notes to financial statements.

Kids Voting, Inc. dba Kids Voting Arizona
Statement of Cash Flows
For the Year Ended December 31, 2008
(with comparative totals for the year ended December 31, 2007)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ (9,532)	\$ 11,152
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	-	1,275
Gain on sale of equipment	-	(3,684)
Changes in operating assets and liabilities: (Increase)/decrease:		
Amount due from Arizona Foundation for Legal Services and Education	(27,295)	-
Prepaid expenses	-	211
Refundable deposits	-	1,229
Increase/(decrease):		
Accrued payroll expenses	-	(1,412)
Accrued expenses	750	(628)
Net cash provided by (used for) operating activities	<u>(36,077)</u>	<u>8,143</u>
Cash flows from investing activities		
Proceeds from sale of equipment	-	3,941
Net cash provided by investing activities	<u>-</u>	<u>3,941</u>
Net increase (decrease) in cash and cash equivalents	(36,077)	12,084
Cash and cash equivalents, beginning of year	55,815	43,731
Cash and cash equivalents, end of year	<u>\$ 19,738</u>	<u>\$ 55,815</u>

See accompanying notes to the financial statements.

Kids Voting, Inc. dba Kids Voting Arizona
Notes to Financial Statements
December 31, 2008

(with comparative information for the year ended December 31, 2007)

Note 1 - Nature of Operations

Kids Voting, Inc. dba Kids Voting Arizona (the Organization) was founded as an Arizona nonprofit corporation in 1988. Its mission is to educate future generations about the basic principles of civic democracy and to involve students and their families in the electoral process. The Organization is a non-partisan grassroots-driven voter education program that is committed to creating lifelong voting habits in children and to increase adult voter turnout. Through the program, Arizona is leading a national fight against voter apathy.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting – The financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Prior-year Summarized Comparative Information - The financial statements include certain prior-year summarized comparative information in total for functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2007 from which the summarized information was derived.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all checking and savings deposits to be cash, and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable – Contributions receivable are considered to be either conditional or unconditional promises to give. A conditional promise is one that depends on the occurrence of a specified future event to become binding on the donor. Conditional contributions are not recognized as revenue until the condition is met, at which time they become unconditional. Unconditional contributions are recognized as revenue at the time verifiable evidence of the pledge is received. All contributions recorded are due in less than one year. The Organization did not have any contributions receivable at December 31, 2008 and 2007.

Kids Voting, Inc. dba Kids Voting Arizona
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(with comparative information for the year ended December 31, 2007)

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization had no temporarily or permanently restricted net assets for the years ended December 31, 2008 and 2007.

Property and Equipment – Property and equipment are stated at cost, if purchased, or at fair market value, if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets generally as shown:

Furniture and equipment	4 to 7
Computer hardware	3 to 5
Computer software	4 to 5

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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.

Functional Expenses – The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and management and general expense based on management estimates of the benefits provided to each area.

Income Taxes – The Organization qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for income taxes in the accompanying financial statements.

Compensated Absences – Due to the nature of the Organization, it is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements.

Advertising – Advertising costs are expensed as incurred. There were no advertising expenses for the years ended December 31, 2008 and 2007.

Kids Voting, Inc. dba Kids Voting Arizona
Notes to Financial Statements
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(with comparative information for the year ended December 31, 2007)

Note 3 - Property and Equipment

Depreciation expense for the year ended December 31, 2008 and 2007 totaled \$0 and \$1,275, respectively. Property and equipment consisted of the following at December 31:

	2008	2007
Computer equipment	\$ 5,950	\$ 5,950
Furniture and fixtures	1,425	1,425
Property and equipment	7,375	7,375
Less accumulated depreciation	(7,375)	(7,375)
Property and equipment, net	\$ -	\$ -

Note 4 - Major Contributors

The Organization receives a substantial portion of its support from certain major contributors. The following is a summary of significant contributions received during the year ended December 31, 2008 and 2007.

	2008	2007
Cash contributions:		
Maricopa County	\$ 30,000	\$ 30,000
Salt River Indian Community	-	10,000
State Farm Insurance	-	5,000
City of Tucson	50,000	
In-kind contributions:		
Arizona Foundation for Legal Services and Education	65,000	35,000
Total contributions of \$5,000 or more	\$ 145,000	\$ 80,000
Percent of total contributions	90%	93%

Note 5 - Donated Services

The value of donated management services under an agreement between the Organization and the Arizona Foundation for Legal Services and Education totaled \$65,000 and \$35,000 for the years ended December 31, 2008 and 2007, respectively. The donated services received were recorded as in-kind contribution support and contracted management services in the financial statements.

Note 6 - Lease Commitments

The Organization leased office space under an operating lease that ended June 30, 2007. Rental expense paid for the office facility during the year ended December 31, 2007 was \$7,112. The in-kind value of rent donated to the Organization is calculated

Kids Voting, Inc. dba Kids Voting Arizona
Notes to Financial Statements
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(with comparative information for the year ended December 31, 2007)

as the difference between the market price and the contracted price. In-kind rental expense for the year ended December 31, 2007 was \$3,093.

Note 7 - Related Party Transactions

During the year ended December 31, 2008, the Organization received unrestricted cash contributions from one member of its board of directors in the amount of \$150.

During the year ended December 31, 2007, the Organization received unrestricted cash contributions from two members of its board of directors in the respective amounts of \$150, and \$75.