

**Kids Voting, Inc. dba Kids Voting Arizona**

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

**December 31, 2009**

**Kids Voting, Inc. dba Kids Voting Arizona**  
**December 31, 2009**

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Mark L. Landy, CPA  
Stephen T. Harris, CPA  
Thomas L. Friend, CPA  
Robert N. Snyder, CPA

Robert L. Miller, CPA  
(1931 - 1992)

## 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, 2009 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 2008 financial statements and, in our report dated April 18, 2009, 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 2009 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, 2009, 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.

*Miller, Allen & Co., P.C.*

August 3, 2010

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Statement of Financial Position**  
**December 31, 2009**  
**(with comparative totals at December 31, 2008)**

	2009	2008
<b>Assets</b>		
Current assets:		
Cash	\$ 22,106	\$ 19,738
Amount due from Arizona Foundation for Legal Services and Education	5,785	27,295
Total current assets	27,891	47,033
Total Assets	\$ 27,891	\$ 47,033
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accrued expenses	\$ -	\$ 750
Total current liabilities	-	750
Net assets:		
Unrestricted	27,891	46,283
Total liabilities and net assets	\$ 27,891	\$ 47,033

See accompanying notes to financial statements.

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Statement of Activities**  
**For the Year Ended December 31, 2009**  
**(with comparative totals for the year ended December 31, 2008)**

	<u>2009</u>	<u>2008</u>
Support, Gains and Other Revenues:		
Unrestricted contributions	\$ 42,759	\$ 83,885
In-kind contributions		76,743
Interest income	-	10
Other revenue	159	288
	<u>42,918</u>	<u>160,926</u>
Expenses:		
Program services -		
Education	33,132	65,023
Election	1,500	59,883
Management and general	23,917	39,283
Fundraising	2,761	6,269
	<u>61,310</u>	<u>170,458</u>
Change in net assets	(18,392)	(9,532)
Net assets, beginning of year	46,283	55,815
Net assets, end of year	<u>\$ 27,891</u>	<u>\$ 46,283</u>

See accompanying notes to financial statements.

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2009**

(with comparative totals for the year ended December 31, 2008)

	Program Services		Total Program Services	Management and General	Fundraising	Totals	
	Education	Election				2009	2008
Contracted management services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,000
Professional fees	32,559	-	32,559	22,293	2,713	57,565	36,975
Other contracted services	-	-	-	47	-	47	3,750
Travel	573	-	573	334	48	955	-
Conferences and meetings	-	-	-	-	-	-	2,251
Insurance	-	-	-	1,243	-	1,243	1,227
Networking and marketing	-	-	-	-	-	-	9,546
Supplies	-	1,500	1,500	-	-	1,500	3,283
Bank service charges	-	-	-	-	-	-	109
Postage and shipping	-	-	-	-	-	-	13,118
Printing and publications	-	-	-	-	-	-	35,199
<b>Total expenses</b>	<b>\$ 33,132</b>	<b>\$ 1,500</b>	<b>\$ 34,632</b>	<b>\$ 23,917</b>	<b>\$ 2,761</b>	<b>\$ 61,310</b>	<b>\$ 170,458</b>

See accompanying notes to financial statements.

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2009**  
**(with comparative totals for the year ended December 31, 2008)**

	2009	2008
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (18,392)	\$ (9,532)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Changes in operating assets and liabilities: (Increase)/decrease:		
Amount due from Arizona Foundation for Legal Services and Education	21,510	(27,295)
Increase/(decrease):	(750)	750
Accrued expenses	2,368	(36,077)
Net cash provided by (used for) operating activities		
<b>Net increase (decrease) in cash and cash equivalents</b>	2,368	(36,077)
<b>Cash and cash equivalents, beginning of year</b>	19,738	55,815
<b>Cash and cash equivalents, end of year</b>	\$ 22,106	\$ 19,738

See accompanying notes to the financial statements.

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Notes to Financial Statements**  
**December 31, 2009**

**(with comparative information for the year ended December 31, 2008)**

**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**

The accounting policies of the Organization conform to U.S. generally accepted accounting principles as applicable to nonprofit organizations. On June 29, 2009, the Financial Accounting Standards Board (FASB) issued Statement 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162* (codified in FASB ASC 105, *Generally Accepted Accounting Principles*), which approved the FASB Accounting Standards Codification (Codification) as the single source of authoritative nongovernmental GAAP. The Codification is effective for interim or annual periods ending after September 15, 2009. All existing accounting standards have been superseded and all other accounting literature not included in the Codification will be considered nonauthoritative. The adoption of FASB ASC 105 did not impact the Organization's financial condition or results of operations. All accounting references within this report are in accordance with the new Codification.

The more significant accounting policies of the Organization are described below.

*Financial Statement Presentation* – The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations* (codified in FASB ASC 958-205, *Presentation of Financial Statements*).

*New Accounting Pronouncements* - In May 2009, the Financial Accounting Standards Board (FASB) issued SFAS No. 165, *Subsequent Events* (codified in FASB ASC 855, *Subsequent Events*), which establishes general standards of accounting for and disclosure of events that occur after the statement of financial position date but before financial statements are issued or are available to be issued. SFAS No. 165 applies prospectively to annual financial periods ending after June 15, 2009. The adoption of SFAS No. 165 in the year ended December 31, 2009 did not have a significant impact on the Organization's financial statements. In connection with preparation of the financial statements, the Organization evaluated subsequent events after the statement of financial position date of December 31, 2009 through August 3, 2010, the date the financial statements were available to be issued.

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Notes to Financial Statements**  
**December 31, 2009**

**(with comparative information for the year ended December 31, 2008)**

*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.

*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, 2008 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, 2009 and 2008.

*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, 2009 and 2008.

*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

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Notes to Financial Statements**  
**December 31, 2009**

**(with comparative information for the year ended December 31, 2008)**

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, 2009 and 2008.

**Note 3 - Property and Equipment**

Depreciation expense for the year ended December 31, 2009 and 2008 totaled \$0 and \$0, respectively. Property and equipment consisted of the following at December 31:

	<u>2009</u>	<u>2008</u>
Computer equipment	\$ 5,200	\$ 5,950
Furniture and fixtures	1,425	1,425
Property and equipment	6,625	7,375
Less accumulated depreciation	<u>(6,625)</u>	<u>(7,375)</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ -</u>

**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, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Cash contributions:		
Maricopa County	\$ 30,000	\$ 30,000
City of Tucson	10,000	50,000
In-kind contributions:		
Arizona Foundation for Legal Services and Education	-	65,000
Total contributions of \$5,000 or more	<u>\$ 40,000</u>	<u>\$ 145,000</u>
Percent of total contributions	<u>94%</u>	<u>90%</u>

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Notes to Financial Statements**  
**December 31, 2009**  
**(with comparative information for the year ended December 31, 2008)**

**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 \$0 and \$65,000 for the years ended December 31, 2009 and 2008, respectively. The donated services received were recorded as in-kind contribution support and contracted management services in the financial statements.

**Note 6 - Related Party Transactions**

During the year ended December 31, 2009, the Organization received unrestricted cash contributions from three members of its board of directors in the respective amounts of \$50, \$150 and \$75.

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.