

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

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

**December 31, 2010**

**Kids Voting, Inc. dba Kids Voting Arizona**  
**December 31, 2010**

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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, 2010 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 2009 financial statements and, in our report dated August 3, 2010, 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 2010 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, 2010, 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.

July 20, 2011

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Statement of Financial Position**  
**December 31, 2010**  
**(with comparative totals at December 31, 2009)**

	2010	2009
<b>Assets</b>		
Current assets:		
Cash	\$ 3,584	\$ 22,106
Amount due from Arizona Foundation for Legal Services and Education	250	5,785
Total current assets	3,834	27,891
Total assets	\$ 3,834	\$ 27,891
<b>Liabilities and Net Assets</b>		
Total liabilities	\$ -	\$ -
Net assets:		
Unrestricted	3,834	27,891
Total liabilities and net assets	\$ 3,834	\$ 27,891

See accompanying notes to financial statements.

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Statement of Activities**  
**For the Year Ended December 31, 2010**  
**(with comparative totals for the year ended December 31, 2009)**

	<u>2010</u>	<u>2009</u>
<b>Support, Gains and Other Revenues:</b>		
Unrestricted contributions	\$ 31,148	\$ 42,759
In-kind contributions	2,400	-
Interest income	6	-
Other revenue	54	159
	<u>33,608</u>	<u>42,918</u>
<b>Expenses:</b>		
Program services -		
Education	30,000	33,132
Election	2,400	1,500
Management and general	22,765	23,917
Fundraising	2,500	2,761
	<u>57,665</u>	<u>61,310</u>
Change in net assets	(24,057)	(18,392)
Net assets, beginning of year	<u>27,891</u>	<u>46,283</u>
Net assets, end of year	<u>\$ 3,834</u>	<u>\$ 27,891</u>

See accompanying notes to financial statements.

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Statement of Functional Expenses**

**For the Year Ended December 31, 2010**

(with comparative totals for the year ended December 31, 2009)

	Program Services		Total Program Services	Management and General		Fundraising	Totals	
	Education	Election		General			2010	2009
Professional fees	\$ 30,000	\$ -	\$ 30,000	\$ 17,510	\$ 2,500	\$ 50,010	\$ 54,265	
Other contracted services	-	-	-	-	-	-	47	
Travel	-	-	-	-	-	-	955	
Audit fees	-	-	-	4,000	-	4,000	3,300	
Insurance	-	-	-	1,255	-	1,255	1,243	
Supplies	-	2,400	2,400	-	-	2,400	1,500	
<b>Total expenses</b>	<b>\$ 30,000</b>	<b>\$ 2,400</b>	<b>\$ 32,400</b>	<b>\$ 22,765</b>	<b>\$ 2,500</b>	<b>\$ 57,665</b>	<b>\$ 61,310</b>	

See accompanying notes to financial statements.

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2010**  
**(with comparative totals for the year ended December 31, 2009)**

	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (24,057)	\$ (18,392)
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	5,535	21,510
Increase/(decrease):		
Accrued expenses		(750)
Net cash provided by (used for) operating activities	(18,522)	2,368
 <b>Net increase (decrease) in cash</b>	 (18,522)	 2,368
 <b>Cash, beginning of year</b>	 22,106	 19,738
 <b>Cash, end of year</b>	 \$ 3,584	 \$ 22,106

See accompanying notes to the financial statements.

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Notes to Financial Statements**  
**December 31, 2010**  
**(with comparative information for the year ended December 31, 2009)**

**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.

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

*Financial Statement Presentation* – The financial statements of the Organization are presented in accordance with the Financial Accounting Standards Board (FASB) ASC 958-205, *Presentation of Financial Statements*.

*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, 2009 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 at the date of purchase 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, 2010 and 2009.

*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

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Notes to Financial Statements**  
**December 31, 2010**  
**(with comparative information for the year ended December 31, 2009)**

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, 2010 and 2009.

*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.

Accounting principles generally accepted in the United States of America require the Organization to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization has analyzed any tax positions and has concluded that as of December 31, 2010 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the 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, 2010 and 2009.

**Kids Voting, Inc. dba Kids Voting Arizona**  
**Notes to Financial Statements**  
**December 31, 2010**

**(with comparative information for the year ended December 31, 2009)**

Subsequent Events – The Organization has evaluated subsequent events through July 20, 2011, the date the financial statements were available to be issued.

**Note 3 - Property and Equipment**

Depreciation expense for the year ended December 31, 2010 and 2009 totaled \$0 and \$0, respectively. Property and equipment consisted of the following at December 31:

	<b>2010</b>	<b>2009</b>
Computer equipment	\$ 4,200	\$ 5,200
Furniture and fixtures	1,425	1,425
Property and equipment	5,625	6,625
Less accumulated depreciation	(5,625)	(6,625)
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, 2010 and 2009.

	<b>2010</b>	<b>2009</b>
Cash contributions:		
Maricopa County	\$ 30,000	\$ 30,000
City of Tucson	-	10,000
Total contributions of \$5,000 or more	\$ 30,000	\$ 40,000
Percent of total contributions	89%	94%

**Note 5 - Related Party Transactions**

During the year ended December 31, 2010, the Organization received unrestricted cash contributions from three members of its board of directors in the respective amounts of \$50, \$200 and \$60.

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