STATE VOICES

FINANCIAL STATEMENTS

DECEMBER 31, 2013

BOISVENU & COMPANY, P.C.
Certified Public Accountants
Bingham Farms, Michigan

STATE VOICES

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BOISVENU & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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MEMBER
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
State Voices

We have audited the accompanying financial statements of State Voices (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of State Voices as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited State Voices' December 31, 2012 financial statements, and our report dated July 19, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boisvenu & Company, P.C.

July 31, 2014

STATE VOICES

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013, WITH COMPARATIVE TOTALS FOR 2012

	Unrestricted	Temporarily Restricted	Total 2013	Total 2012
ASSETS				
Current Assets				
Cash and cash equivalents	$ 1,510,868	$ 2,652,905	$ 4,163,773	$ 3,086,331
Grants and accounts receivable	129,861	205,000	334,861	1,086,550
Pledges receivable	-	555,000	555,000	-
Prepaid expenses	37,586	-	37,586	-
Total Current Assets	1,678,315	3,412,905	5,091,220	4,172,881
Other Assets				
Equipment and website development-net	50,144	-	50,144	41,367
Security deposits	16,198	-	16,198	6,798
Total Other Assets	66,342	-	66,342	48,165
TOTAL ASSETS	$ 1,744,657	$ 3,412,905	$ 5,157,562	$ 4,221,046
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	$ 488,919	$ -	$ 488,919	$ 189,868
Accrued payroll and related costs	240,140	-	240,140	229,591
Total Liabilities	729,059	-	729,059	419,459
Net Assets				
Unrestricted				
Undesignated	843,737	-	843,737	2,046,202
Board designated	171,861	-	171,861	365,526
Temporarily restricted	-	3,412,905	3,412,905	1,389,859
Total Net Assets	1,015,598	3,412,905	4,428,503	3,801,587
TOTAL LIABILITIES AND NET ASSETS	$ 1,744,657	$ 3,412,905	$ 5,157,562	$ 4,221,046

See accompanying notes to financial statements.

STATE VOICES

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013, WITH COMPARATIVE TOTALS FOR 2012

	Unrestricted	Temporarily Restricted	Total 2013	Total 2012
REVENUE AND SUPPORT				
Contributions	$ 2,783,805	$ 5,611,355	$ 8,395,160	$ 15,108,718
Interest income	2,769	-	2,769	6,163
Net loss on disposal of assets	(4,335)	-	(4,335)	-
	2,782,239	5,611,355	8,393,594	15,114,881
Net assets released from restrictions	3,588,309	(3,588,309)	-	-
TOTAL REVENUE AND SUPPORT	6,370,548	2,023,046	8,393,594	15,114,881
EXPENSES				
Program services	6,693,871	-	6,693,871	11,750,277
Management and general	561,055	-	561,055	407,473
Fund raising	511,752	-	511,752	545,872
TOTAL EXPENSES	7,766,678	-	7,766,678	12,703,622
CHANGE IN NET ASSETS	(1,396,130)	2,023,046	626,916	2,411,259
NET ASSETS, beginning of year	2,411,728	1,389,859	3,801,587	1,390,328
NET ASSETS, end of year	$ 1,015,598	$ 3,412,905	$ 4,428,503	$ 3,801,587

See accompanying notes to financial statements.

STATE VOICES

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2013, WITH COMPARATIVE TOTALS FOR 2012

	Program Services	Management and General	Fund Raising	Total 2013	Total 2012
Salaries	$ 1,851,846	$ 272,781	$ 306,574	$ 2,431,201	$ 1,617,801
Payroll taxes	151,724	22,350	25,118	199,192	129,163
Employee benefits	225,920	33,278	37,401	296,599	155,364
Contract services	2,962,777	147,286	46,722	3,156,785	4,954,525
Occupancy	193,029	28,433	31,956	253,418	156,109
Telephone and internet services	32,498	2,583	2,903	37,984	50,437
Office expenses	26,293	2,561	2,879	31,733	57,498
Program activities and materials	172,017	-	-	172,017	136,290
Printing, publications and promotions	86,633	1,841	2,070	90,544	26,271
Travel	294,865	32,579	36,615	364,059	313,758
Equipment rental and maintenance	19,545	2,231	2,508	24,284	36,817
Insurance	9,316	1,372	1,542	12,230	8,836
Conferences and meetings	73,725	10,860	12,205	96,790	97,323
Grant awards	574,000	-	-	574,000	4,957,814
Bad debt	10,194	1,502	1,688	13,384	-
Total Functional Expenses Before Depreciation	6,684,382	559,657	510,181	7,754,220	12,698,006
Depreciation	9,489	1,398	1,571	12,458	5,616
Total Functional Expenses	$ 6,693,871	$ 561,055	$ 511,752	$ 7,766,678	$ 12,703,622

See accompanying notes to financial statements.

STATE VOICES

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013, WITH COMPARATIVE TOTALS FOR 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 626,916	$ 2,411,259
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	12,458	5,616
Loss on disposal of assets	4,335	-
(Increase) decrease in operating assets		
Grants and accounts receivable	751,689	(982,663)
Pledges receivable	(555,000)	-
Prepaid expenses	(37,586)	6,297
Security deposits	(9,400)	(900)
Increase (decrease) in operating liabilities		
Accounts payable	299,051	(271,150)
Accrued payroll	10,549	170,844
Refundable advance	-	(4,603)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,103,012	1,334,700
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(25,570)	(32,942)
NET CASH USED BY INVESTING ACTIVITIES	(25,570)	(32,942)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,077,442	1,301,758
CASH AND CASH EQUIVALENTS, beginning of year	3,086,331	1,784,573
CASH AND CASH EQUIVALENTS, end of year	$ 4,163,773	$ 3,086,331

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

State Voices (the Organization) is a District of Columbia nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation.

The Organization's program and supporting services are as follows:

Program Services

The Organization was established in 2004 for the purpose of increasing engagement by individuals and organizations in ways that strengthen democratic institutions and encourage public involvement in civic life. The Organization connects local, state and national affiliate organizations with the tools, training and resources they need to carry out more effective civic engagement. The Organization’s priority is to work nationally in communities that have been historically underrepresented in the democratic process.

Management and General

This includes the functions necessary to maintain an adequate working environment, provide proper administrative support of the Organization’s programs, and manage the financial and budgeting responsibilities of the Organization. Management and general activities relate to the overall direction of the Organization. They are not identifiable with a particular program or fund raising activity, but they are indispensable to the conduct of those activities and are essential to the Organization.

Fund Raising

This provides the structure necessary to encourage and secure support from individuals, foundations, corporations, and others to contribute money, securities, time, materials, facilities, or other assets to the Organization.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements.* Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Unrestricted Net Assets - net assets that are not subject to "donor-imposed" time or purpose restrictions. These net assets include both board designated and undesignated amounts.

Temporarily Restricted Net Assets - net assets subject to "donor-imposed" restrictions that may or will be met by actions of the Organization and/or the passage of time. Restrictions that expire with the passage of time or can be removed by accomplishing certain requirements are classified as temporarily restricted net assets.

Permanently Restricted Net Assets - net assets subject to "donor-imposed" restrictions that they be maintained in perpetuity. Restrictions that require an asset be invested and only allow the income to be used are classified as permanently restricted net assets. The Organization has no permanently restricted net assets at December 31, 2013.

Board Designated Net Assets – These designations are based on actions by the Board of Directors, which can be altered or revoked at a future time by the Board.

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 reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value.

Grants Receivable, Accounts Receivable and Pledges Receivable

The Organization considers all receivables to be fully collectible at December 31, 2013, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment and Website Development

Equipment is carried at cost or, if donated, at fair market value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of five to seven years. It is the Organization's policy to capitalize acquisitions of $1,000 or more. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Capitalized website development costs are carried at cost or, if donated, at fair market value at the time of the donation. Amortization was calculated over three years and is included in depreciation for financial statement purposes.

Revenue and Support

Revenue from contractual grant awards under expense reimbursement programs is recognized in the period during which the related expenses are incurred. In cases where expenses are incurred in advance of receiving the grant, revenue and grants receivable are recorded in the period during which the expenses are incurred. In cases where grants are received in advance of incurring the expenses, deferred revenue is recorded in the period during which the advance is received and recognized as income when the related expenses are incurred.

Revenue from contractual grant awards subject to conditions that stipulate the cash be returned if a specified future and uncertain event occurs or fails to occur is recorded as a refundable advance until all conditions are substantially met.

Retroactive determination of allowable costs by resource providers may result in final settlements different from interim payments for reimbursable services submitted by the Organization. Revenue is reported at the estimated net realizable amounts from resource providers for services rendered, including estimated retroactive adjustments under reimbursement agreements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Support (continued)

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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 reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated services that create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise.

Functional Classification of Expenses

Direct expenses, which can be clearly defined as incurred for a specific program, are charged to that program. The Organization allocates common expenses to program and supporting services based on time and use analysis by management.

Compensated Absences

The Organization's policy is to record a liability for vacation and sick pay earned but unused by employees as of the year-end.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization accounts for uncertain tax positions, if any, in accordance with FASB Accounting Standards Codification Section 740. In accordance with these standards, the Organization recognizes tax positions only to the extent that the Organization believes it is “more likely than not” that its tax positions will be sustained upon IRS examination. The Organization believes that it has no uncertain tax positions for the year ended December 31, 2013.

The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization’s financial condition, change in net assets, or cash flows. Accordingly, the Organization has not recorded any reserves or related accruals for interest and penalties for uncertain tax positions at December 31, 2013.

The Organization is subject to routine audits by taxing jurisdictions; however, there are no audits currently in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to December 31, 2006.

Fair Value Disclosure

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization’s significant financial instruments are cash, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

2. EQUIPMENT AND WEBSITE DEVELOPMENT

At December 31, 2013, equipment and website development consist of the following:

	Beginning Balance	Additions	Dispositions	Ending Balance
Website	$ 96,383	$ -	$ -	$ 96,383
Computer equipment	44,330	25,570	4,648	65,252
Office furniture	4,683	-	-	4,683
	$ 145,396	$ 25,570	$ 4,648	166,318
Less accumulated depreciation				116,174
				$ 50,144

3. LINE OF CREDIT

The Organization has a line of credit up to $250,000, secured by all assets of the Organization. Borrowings under this line of credit bear interest at a rate equal to the daily LIBOR rate plus 5.75% (5.9168% at December 31, 2013). The amount available on the line of credit is $250,000 at December 31, 2013.

4. LEASE COMMITTMENTS

Operating Leases

The Organization leases office facilities and office equipment under agreements expiring through 2016.

Future minimum lease payments are as follows for the years ending December 31:

	Office Facilities	Equipment
2014	$ 202,112	$ 5,462
2015	160,130	2,567
2016	81,508	-
	$ 443,750	$ 8,029

Lease expense for the year ended December 31, 2013 for office facilities and equipment totaled approximately $198,300.

5. DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution plan covering all employees over the age of 21 who agree to make contributions to the plan. The Organization may, at its discretion, contribute to the plan on behalf of qualifying participants. Total expense for the year ended December 31, 2013 was approximately $55,300.

6. BOARD DESIGNATED NET ASSETS

At December 31, 2013, board designated net assets consist of the following:

State Table - Pennsylvania	$	90,000
State Table - Ohio		40,000
State Table - Florida		40,000
State Table - Oregon		1,861
	$	171,861

7. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2013, temporarily restricted net assets consist of cash and cash equivalents, grants and pledges receivable and are available for the following:

Purpose restriction	
Regranting	$ 1,020,000
State Table - Michigan	590,350
State Table - Pennsylvania	222,006
Arts and Democracy	110,142
State Table - Nevada	105,088
Enfranchisement 2020 program	75,000
State Table - Ohio	51,480
Illinois pilot project	50,000
Illinois meetings	50,000
Micro-targeting of data for Chicago groups	25,000
Communications	25,000
State Table - Florida	8,810
Network innovation lab	5,000
SPaCE Project	2,112
Time restriction	1,072,917
	$ 3,412,905

8. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year were as follows:

Purpose restriction accomplished	
State Table - Michigan	$ 713,468
State Table - Florida	284,106
Regranting	280,000
Regranting and EA convening	250,000
State Table - Oregon	218,010
State Table - Pennsylvania	126,648
Arts and Democracy	126,123
SPaCE Project	97,846
State Table - Ohio	86,315
Data in Illinois	75,000
2013 voter enfranchisement	75,000
Chicago pilot project	50,000
State Table - Nevada	42,710
Tools funding	30,000
Progress Virginia education fund	25,000
Micro-targeting of data for Chicago groups	25,000
Network innovation lab	5,000
Use in Illinois	1,000
Time restriction accomplished	1,077,083
	$ 3,588,309

9. CONCENTRATION OF CONTRIBUTIONS

Approximately 52% of the Organization's support was provided by five foundations.

10. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in one financial institution in Michigan. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2013, the uninsured cash balances totaled approximately $4,035,200.

11. RELATED PARTY TRANSACTION

The Organization has a consulting service agreement with a corporation and the Organization is also one of three voting members of the corporation. Each member has one vote for control of governance. The Organization's executive director serves on the board of the corporation. During the year ended December 31, 2013, the Organization paid approximately $657,000 to the corporation for consulting related to national data targeting services.

12. COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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, 2012 from which the summarized information was derived.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 31, 2014, the date the financial statements were available to be issued.