

**VOTERUNLEAD
DULUTH, MINNESOTA**

**FINANCIAL STATEMENTS
FOR THE SEVEN MONTH PERIOD ENDED
DECEMBER 31, 2014
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

VOTERUNLEAD
DULUTH, MINNESOTA

TABLE OF CONTENTS
FOR THE SEVEN MONTH PERIOD ENDED DECEMBER 31, 2014

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Note to Financial Statements.....	7 - 8



Independent Auditor's Report

To The Board of Directors
VoteRunLead
Duluth, Minnesota

We have audited the accompanying financial statements of VoteRunLead (the Organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the seven month period ended December 31, 2014, and the related note 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; 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. 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 entity'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 entity'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 VoteRunLead as of December 31, 2014, and the changes in its net assets and its cash flows for the seven month period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Duluth, Minnesota
February 19, 2015

VOTERUNLEAD
DULUTH, MINNESOTA

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

<u>ASSETS</u>	
Current Assets	
Cash	\$ 111,198
Accounts receivable	2,445
Prepaid expenses	<u>2,456</u>
Total current assets	116,099
Computer software in progress	<u>67,510</u>
Total assets	<u><u>\$ 183,609</u></u>
 <u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities	
Accounts payable	\$ 22,724
Accrued expenses	5,553
Total current liabilities	<u>28,277</u>
Net assets	
Unrestricted	
Undesignated	<u>155,332</u>
Total liabilities and net assets	<u><u>\$ 183,609</u></u>

See accompanying note to financial statements.

VOTERUNLEAD
DULUTH, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE SEVEN MONTH PERIOD ENDED DECEMBER 31, 2014

Public support and revenue	
Public support	
Contributions	\$ 21,114
Foundation and other grants	291,342
Funds transferred from Tides Foundation	157,021
Sponsorships	55,000
Donated product	3,200
Total public support	<u>527,677</u>
Revenue	
Program service fees	21,489
Merchandise sales	2,881
Miscellaneous	509
Total revenue	<u>24,879</u>
Total public support and revenue	<u>552,556</u>
Expenses	
Functional expenses	
Program services	331,452
Management and general	27,730
Fundraising	38,042
Total expenses	<u>397,224</u>
Change in unrestricted net assets	155,332
Unrestricted net assets, June 1, 2014	<u> </u>
Unrestricted net assets, December 31, 2014	<u><u>\$ 155,332</u></u>

See accompanying note to financial statements.

VOTERUNLEAD
DULUTH, MINNESOTA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE SEVEN MONTH PERIOD ENDED DECEMBER 31, 2014

	Program Services	Management and General	Fundraising	Total
Wages	\$ 42,437	\$ 13,638	\$ 21,083	\$ 77,158
Payroll taxes	3,916	1,258	1,946	7,120
Employee benefits	2,006	645	997	3,648
Total salaries and related expenses	<u>48,359</u>	<u>15,541</u>	<u>24,026</u>	<u>87,926</u>
Professional fees	2,536	282		2,818
Advertising	12,838	755	1,510	15,103
Bank and fiscal agency fees		6,533	344	6,877
Contracted services	14,140		10,239	24,379
Office and program supplies	940	166		1,106
Program expenses	193,369			193,369
Occupancy	1,375	300	825	2,500
Equipment rental		684		684
Insurance	99	560		659
Online platform	17,218			17,218
Dues and subscriptions	1,145			1,145
Postage	501	215		716
Printing and publications	378	67		445
Meals and entertainment	1,384			1,384
Travel	4,878	2,627		7,505
Website and information technology	26,359		1,098	27,457
Miscellaneous	5,933			5,933
Total functional expenses	<u>\$ 331,452</u>	<u>\$ 27,730</u>	<u>\$ 38,042</u>	<u>\$ 397,224</u>

See accompanying note to financial statements.

VOTERUNLEAD
DULUTH, MINNESOTA

STATEMENT OF CASH FLOWS
FOR THE SEVEN MONTH PERIOD ENDED DECEMBER 31, 2014

Cash flows from operating activities	
Change in net assets	\$ 155,332
Adjustments to reconcile the change in net assets to net cash provided by operating activities	
(Increase) decrease in assets	
Accounts receivable	(2,445)
Prepaid expenses	(2,456)
Increase (decrease) in liabilities	
Accounts payable	5,214
Accrued expenses	5,553
Net cash provided by operating activities	<u>161,198</u>
 Cash flows from investing activities	
Purchase of computer software	<u>(50,000)</u>
Net cash used in investing activities	(50,000)
 Net increase	111,198
 Cash, June 1, 2014	<u> </u>
Cash, December 31, 2014	<u><u>\$ 111,198</u></u>
 Noncash investing and financing transactions	
Computer software in progress included in accounts payable	\$ 17,510

See accompanying note to financial statements.

VOTERUNLEAD
DULUTH, MINNESOTA

NOTE TO FINANCIAL STATEMENTS
FOR THE SEVEN MONTH PERIOD ENDED DECEMBER 31, 2014

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - VoteRunLead (Organization) is a nonprofit organization formed on July 29, 2014. The Organization is governed by an elected Board of Directors and incorporated in the State of Minnesota. VoteRunLead's mission is to unleash the power of women leaders in democracy through training, technology, and community. The Organization does this through using social networks as a recruitment tool, creating an online platform to learn to run for office and lead, and conducting in-person trainings that build networks.

Prior to the Organization's formation, the Tides Foundation acted as a fiscal agent to collect and distribute funds on VoteRunLead's behalf. On June 1, 2014, the Tides Foundation transferred all remaining funds of \$157,021 to VoteRunLead. Consequently, the financial statements include the Organization's activity for the seven month period ended December 31, 2014.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles in the United States.

Basis of Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets are the net assets of the Organization that are neither permanently restricted nor temporarily restricted. Thus, they include all net assets whose use has not been restricted by donors or by law.
- Temporarily restricted net assets are subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization currently has no temporarily restricted net assets.
- Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization currently has no permanently restricted net assets.

Cash - Cash consists of demand deposits.

Contribution Revenue - Contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions received are recorded as temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions. Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received, less an allowance for promises estimated to be uncollectible. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

VOTERUNLEAD
DULUTH, MINNESOTA

NOTE TO FINANCIAL STATEMENTS
FOR THE SEVEN MONTH PERIOD ENDED DECEMBER 31, 2014
(Continued)

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Grant Revenue - Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

- Grant Awards that are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

- Grant Awards that are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Donated Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers, including trainers and speakers, provided various services throughout the period that are not recognized as contributions in the financial statements because the recognition criteria were not met. The Organization has estimated the value of unrecognized donated services to be \$18,000 for the seven months ended December 31, 2014.

Computer software - Computer software over \$1,000 is valued at cost, with normal maintenance and repair items charged to operating expenses when incurred. Depreciation will be computed by the straight-line method over the estimated useful lives. Computer software in progress includes development work on a website and software platform that was not yet in service at December 31, 2014.

Advertising - The Organization expenses advertising costs when incurred. Advertising costs for the seven month period ended December 31, 2014 was \$15,103.

Functional Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar laws of the State of Minnesota. The Organization is classified as a public charity. The Organization's tax returns since the date of inception are open to examination by the IRS.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 19, 2015, the date the financial statements were available to be issued.