

**ProCon.org**  
(A NONPROFIT PUBLIC CHARITY CORPORATION)  
Financial Statements  
December 31, 2014 and 2013

**PROCON.ORG**  
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December 31, 2014

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
ProCon.org

We have audited the accompanying financial statements of ProCon.org (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2014 and 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***

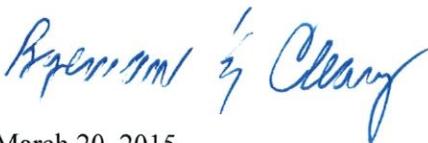
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 ProCon.org as of December 31, 2014 and 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.



March 20, 2015

**PROCON.ORG**  
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
<b>Current assets:</b>		
Cash	\$ 48,467	\$ 31,155
Cash designated for temporarily restricted net assets	-	10,000
Donations receivable	7,206	24,702
Prepaid expenses	<u>8,300</u>	<u>8,353</u>
<b>Total current assets</b>	<u>63,973</u>	<u>74,210</u>
<b>Office equipment:</b>		
Office equipment	4,391	4,391
Less: accumulated depreciation	<u>(1,830)</u>	<u>(951)</u>
<b>Net office equipment</b>	<u>2,561</u>	<u>3,440</u>
<b>Total assets</b>	<u>\$ 66,534</u>	<u>\$ 77,650</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>  		
<b>Current liabilities:</b>		
Accounts payable	\$ 5,456	\$ 21,476
Wages and related expenses payable	<u>11,811</u>	<u>18,301</u>
<b>Total current liabilities / Total liabilities</b>	<u>17,267</u>	<u>39,777</u>
<b>Net assets:</b>		
Unrestricted net assets	49,267	27,873
Temporarily restricted net assets	<u>-</u>	<u>10,000</u>
<b>Total net assets</b>	<u>49,267</u>	<u>37,873</u>
<b>Total liabilities and net assets</b>	<u>\$ 66,534</u>	<u>\$ 77,650</u>

*The accompanying notes are an integral part of these financial statements.*

**PROCON.ORG**  
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and revenue:</b>						
Contributions	\$ 690,362	\$ -	\$ 690,362	\$ 496,209	\$ 10,000	\$ 506,209
Special events support	-	-	-	95,408	10,000	105,408
Special events direct benefit costs	-	-	-	(26,082)	-	(26,082)
Sponsorships	-	-	-	-	5,000	5,000
Fees	3,033	-	3,033	400	-	400
Total cash contributions	693,395	-	693,395	565,935	25,000	590,935
Contributed facilities	62,167	-	62,167	56,636	-	56,636
Contributed services	27,296	-	27,296	25,873	-	25,873
Contributed advertising	119,922	-	119,922	126,572	-	126,572
Total in-kind contributions	209,385	-	209,385	209,081	-	209,081
Total contributions	902,780	-	902,780	775,016	25,000	800,016
Net assets released due to						
satisfaction of restrictions	10,000	(10,000)	-	25,000	(25,000)	-
Total support and revenue	912,780	(10,000)	902,780	800,016	-	800,016
<b>Expenses:</b>						
Program services	798,755	-	798,755	742,619	-	742,619
Supporting activities:						
Management & general	74,891	-	74,891	75,713	-	75,713
Fundraising	17,740	-	17,740	67,453	-	67,453
Total Expenses	891,386	-	891,386	885,785	-	885,785
<b>Change in net assets</b>	21,394	(10,000)	11,394	(85,769)	-	(85,769)
<b>Net assets at beginning of year</b>	27,873	10,000	37,873	113,642	10,000	123,642
<b>Net assets at end of year</b>	\$ 49,267	\$ -	\$ 49,267	\$ 27,873	\$ 10,000	\$ 37,873

*The accompanying notes are an integral part of these financial statements.*

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## STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2014				Year Ended December 31, 2013			
	<u>Program Service</u>	<u>Management &amp; General</u>	<u>Fund- Raising</u>	<u>Total Expenses</u>	<u>Program Service</u>	<u>Management &amp; General</u>	<u>Fund- Raising</u>	<u>Total Expenses</u>
Wages	\$ 444,699	\$ 23,428	\$ 4,729	\$ 472,856	\$ 411,188	\$ 21,751	\$ 4,374	\$ 437,313
Employee benefits	36,750	1,149	382	38,281	35,172	458	367	35,997
Payroll taxes	38,268	2,036	407	40,711	32,845	1,747	349	34,941
Insurance	6,661	67	-	6,728	6,599	708	-	7,307
Worker's compensation insurance	3,560	111	37	3,708	3,140	98	33	3,271
Parking	12,953	401	-	13,354	12,543	388	-	12,931
Professional fees	21,309	13,372	5,400	40,081	15,318	20,215	56,670	92,203
Contributed facilities	59,680	1,865	622	62,167	54,371	1,699	566	56,636
Contributed services	-	27,296	-	27,296	-	25,873	-	25,873
Contributed advertising	119,922	-	-	119,922	126,572	-	-	126,572
Depreciation	843	26	9	878	843	26	9	878
Telephone	3,393	106	35	3,534	3,392	106	35	3,533
Postage	-	965	-	965	-	693	-	693
Advertising & promotion	19,220	2,275	5,689	27,184	14,237	-	-	14,237
Meals & entertainment	1,593	-	-	1,593	625	-	-	625
Auto fuel & mileage	64	-	-	64	250	-	-	250
Computer & website	24,124	-	-	24,124	20,494	-	-	20,494
Office supplies	3,598	112	37	3,747	3,741	-	39	3,780
Dues & memberships	1,429	-	-	1,429	245	117	-	362
Education & conferences	168	-	-	168	935	-	-	935
Golf events costs	-	-	393	393	-	-	5,011	5,011
Books & research access	521	-	-	521	109	-	-	109
Taxes & licenses	-	424	-	424	-	276	-	276
Bank charges & merchant fees	-	1,258	-	1,258	-	1,558	-	1,558
<b>Total expenses</b>	<b>\$ 798,755</b>	<b>\$ 74,891</b>	<b>\$ 17,740</b>	<b>\$ 891,386</b>	<b>\$ 742,619</b>	<b>\$ 75,713</b>	<b>\$ 67,453</b>	<b>\$ 885,785</b>

*The accompanying notes are an integral part of these financial statements.*

**PROCON.ORG**  
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2014	2013
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 11,394	\$ (85,769)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	878	878
(Increase) decrease in:		
Donations receivable	17,496	(15,992)
Prepaid expenses	53	430
Increase (decrease) in:		
Accounts payable	(16,020)	10,788
Wages and related expenses payable	(6,489)	(3,975)
<b>Net cash provided (used) by operating activities</b>	<b>7,312</b>	<b>(93,640)</b>
<b>Net increase (decrease) in cash</b>	7,312	(93,640)
<b>Cash at beginning of year</b>	<b>41,155</b>	<b>134,795</b>
<b>Cash at end of year</b>	<b>\$ 48,467</b>	<b>\$ 41,155</b>

*The accompanying notes are an integral part of these financial statements.*

**PROCON.ORG**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**1. NATURE OF ORGANIZATION**

ProCon.org is a nonprofit organization incorporated in California to promote critical thinking, education, and informed citizenship by presenting controversial issues in a straightforward, nonpartisan primarily pro-con format.

ProCon.org is tax-exempt as a public charity under Internal Revenue Code Section 501(c)(3).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

ProCon.org uses accrual basis accounting.

**Cash**

Cash is cash in a bank checking account and a PayPal account.

**Contributions, restricted contributions and reclassifications**

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

**Contributed services, facilities and advertising**

During the years ended December 31, 2014 and 2013 contributed facilities in the value of \$62,167 and \$56,636 respectively and contributed accounting services in the value of \$27,296 and \$25,873 respectively were donated to ProCon.org. In addition during the same years, contributed advertising in the value of \$119,922 and \$126,572 respectively was also donated to ProCon.org.

**Use of estimates**

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

**Classes of net assets**

Unrestricted net assets include amounts available to be used at the discretion of the board of directors in programs and operations and those resources invested in equipment. Temporarily restricted net assets are those that are restricted by donors for specific operating purposes. All donations are considered available for unrestricted use, unless specifically restricted by the donor.

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Office equipment**

Office equipment is capitalized at cost or estimated fair market value at date of gift, and depreciated on a straight-line basis over the estimated useful life of 5 years.

Absent donor directions regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

**Income taxes**

The federal and state tax returns of ProCon.org for the years ended December 31, 2014, 2013 and 2012 are subject to examination by the Internal Revenue Service, generally for three years after they are filed. In addition, the December 31, 2011 tax return is subject to examination by the state of California until four years after the date it was filed.

**3. SPECIAL EVENTS**

During the year ended December 31, 2013 ProCon.org conducted two golf fundraising events. Support received from these special events was \$105,408 and cost of direct benefits provided to participants was \$26,082. The portion of support received in excess of the direct benefits, \$79,326, represents charitable donations by the participants at the events. Other costs related to publicity, travel, and administration of these events have been included in fundraising expense. There were no special events during the year ended December 31, 2014.

**4. NET ASSETS**

For the years ended December 31 net assets consist of:

<u>Type of net asset</u>	<u>2014</u>	<u>2013</u>
Unrestricted	\$49,627	\$27,873
Development of a video on felon voting	---	<u>10,000</u>
Total net assets	<u>\$49,627</u>	<u>\$37,873</u>

**5. PENSION PLAN**

ProCon.org has a defined contribution plan. The required contribution to the plan is 2% of eligible employee compensation. For the years ended December 31, 2014 and 2013, total expense related to the plan was \$8,363 and \$8,332 respectively. The plan also allows for a 2% voluntary contribution from employees.

**6. EVALUATION OF SUBSEQUENT EVENTS**

ProCon.org has evaluated subsequent events through March 20, 2015, the date which the financial statements were available to be issued, and there are no subsequent events to report.

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**7. CONCENTRATIONS**

ProCon.org is supported primarily by donor contributions. During 2014 approximately 80% of ProCon.org's cash support was provided by a private foundation controlled by the founder of ProCon.org. During 2013 approximately 68% of ProCon.org's cash support was provided by corporations controlled by the founder of ProCon.org. Also, during 2013 two special events provided 19% of total cash support. All contributed facilities and services were received from a corporation controlled by the founder of ProCon.org in 2014 and 2013. In 2014 and 2013 one unrelated corporation donated 99% and 95% of the contributed advertising.