

**ProCon.org**  
(A NONPROFIT PUBLIC CHARITY CORPORATION)  
Financial Statements  
December 31, 2015 and 2014

**BYEMAN & CLEARY**  
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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, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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***

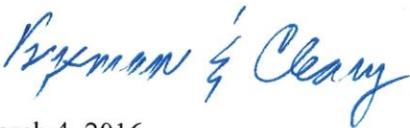
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



March 4, 2016

**PROCON.ORG**  
TABLE OF CONTENTS  
December 31, 2015

	<b>PAGE NUMBER</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>2</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>3</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>4</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>5</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>6 - 8</b>

**PROCON.ORG**  
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
<b>Current assets:</b>		
Cash	\$ 22,150	\$ 48,467
Cash designated for temporarily restricted net assets	22,880	-
Donations receivable	1,496	7,206
Inventory	13,365	-
Prepaid expenses	<u>12,336</u>	<u>8,300</u>
<b>Total current assets</b>	<u>72,227</u>	<u>63,973</u>
<b>Office equipment:</b>		
Office equipment	4,391	4,391
Less: accumulated depreciation	<u>(2,708)</u>	<u>(1,830)</u>
<b>Net office equipment</b>	<u>1,683</u>	<u>2,561</u>
<b>Total assets</b>	<u><u>\$ 73,910</u></u>	<u><u>\$ 66,534</u></u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>  		
<b>Current liabilities:</b>		
Accounts payable	\$ 14,826	\$ 5,456
Wages and related expenses payable	<u>14,729</u>	<u>11,811</u>
<b>Total current liabilities / Total liabilities</b>	<u>29,555</u>	<u>17,267</u>
<b>Net assets:</b>		
Unrestricted net assets	21,475	49,267
Temporarily restricted net assets	<u>22,880</u>	<u>-</u>
<b>Total net assets</b>	<u>44,355</u>	<u>49,267</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 73,910</u></u>	<u><u>\$ 66,534</u></u>

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

**PROCON.ORG**  
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2015			Year Ended December 31, 2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and revenue:</b>						
Contributions	\$ 830,983	\$ 28,470	\$ 859,453	\$ 690,362	\$ -	\$ 690,362
Fees	59	-	59	3,033	-	3,033
Total cash contributions	831,042	28,470	859,512	693,395	-	693,395
Contributed facilities	89,560	-	89,560	62,167	-	62,167
Contributed services	26,382	-	26,382	27,296	-	27,296
Contributed advertising	123,206	-	123,206	119,922	-	119,922
Contributed DVDs	15,000	-	15,000	-	-	-
Total in-kind contributions	254,148	-	254,148	209,385	-	209,385
Total contributions	1,085,190	28,470	1,113,660	902,780	-	902,780
Net assets released due to satisfaction of restrictions	5,590	(5,590)	-	10,000	(10,000)	-
Total support and revenue	1,090,780	22,880	1,113,660	912,780	(10,000)	902,780
<b>Expenses:</b>						
Program services	994,856	-	994,856	798,755	-	798,755
Supporting activities:						
Management & general	87,409	-	87,409	74,891	-	74,891
Fundraising	36,307	-	36,307	17,740	-	17,740
Total Expenses	1,118,572	-	1,118,572	891,386	-	891,386
<b>Change in net assets</b>	(27,792)	22,880	(4,912)	21,394	(10,000)	11,394
<b>Net assets at beginning of year</b>	49,267	-	49,267	27,873	10,000	37,873
<b>Net assets at end of year</b>	\$ 21,475	\$ 22,880	\$ 44,355	\$ 49,267	\$ -	\$ 49,267

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

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## STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2015				Year Ended December 31, 2014			
	Program Service	Management & General	Fund- Raising	Total Expenses	Program Service	Management & General	Fund- Raising	Total Expenses
Wages	\$ 516,858	\$ 35,818	\$ 26,190	\$ 578,866	\$ 444,699	\$ 23,428	\$ 4,729	\$ 472,856
Employee benefits	52,640	2,574	3,092	58,306	36,750	1,149	382	38,281
Payroll taxes	42,272	2,929	2,142	47,343	38,268	2,036	407	40,711
Insurance	6,750	70	-	6,820	6,661	67	-	6,728
Worker's compensation insurance	3,203	124	34	3,361	3,560	111	37	3,708
Parking	13,438	416	-	13,854	12,953	401	-	13,354
Professional fees	35,604	13,412	-	49,016	21,309	13,372	5,400	40,081
Contributed facilities	84,186	4,478	895	89,559	59,680	1,865	622	62,167
Contributed services	-	26,382	-	26,382	-	27,296	-	27,296
Contributed advertising	123,207	-	-	123,207	119,922	-	-	119,922
Contributed DVDs distributed	-	-	1,635	1,635	-	-	-	-
Depreciation	843	26	9	878	843	26	9	878
Telephone	3,496	109	36	3,641	3,393	106	35	3,534
Postage	-	565	-	565	-	965	-	965
Advertising & promotion	73,905	-	-	73,905	19,220	2,275	5,689	27,184
Transportation & lodging	5,969	174	-	6,143	-	-	-	-
Meals & entertainment	2,577	-	225	2,802	1,593	-	-	1,593
Auto fuel & mileage	96	-	-	96	64	-	-	64
Computer & website	21,852	-	-	21,852	24,124	-	-	24,124
Office supplies	3,090	94	31	3,215	3,598	112	37	3,747
Dues & memberships	2,315	159	-	2,474	1,429	-	-	1,429
Education & conferences	2,245	-	-	2,245	168	-	-	168
Golf events costs	-	-	439	439	-	-	393	393
Books & research access	310	-	-	310	521	-	-	521
Taxes & licenses	-	75	-	75	-	424	-	424
Bank charges & merchant fees	-	4	1,579	1,583	-	1,258	-	1,258
<b>Total expenses</b>	<b>\$ 994,856</b>	<b>\$ 87,409</b>	<b>\$ 36,307</b>	<b>\$1,118,572</b>	<b>\$ 798,755</b>	<b>\$ 74,891</b>	<b>\$ 17,740</b>	<b>\$ 891,386</b>

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

**PROCON.ORG**  
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2015	2014
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (4,912)	\$ 11,394
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	878	878
Donated inventory not providing cash	(15,000)	-
(Increase) decrease in:		
Donations receivable	5,709	17,496
Inventory	1,635	-
Prepaid expenses	(4,036)	53
Increase (decrease) in:		
Accounts payable	9,370	(16,020)
Wages and related expenses payable	2,919	(6,489)
<b>Net cash provided (used) by operating activities</b>	<b>(3,437)</b>	<b>7,312</b>
<b>Net increase (decrease) in cash</b>	(3,437)	7,312
<b>Cash at beginning of year</b>	48,467	41,155
<b>Cash at end of year</b>	\$ 45,030	\$ 48,467

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

**PROCON.ORG**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**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, inventory, facilities and advertising**

During the years ended December 31, 2015 and 2014 contributed facilities in the value of \$89,560 and \$62,167 respectively and contributed accounting services in the value of \$26,382 and \$27,296 respectively were donated to ProCon.org. In addition during the same years, contributed advertising in the value of \$123,206 and \$119,992 respectively was also donated to ProCon.org. Finally, during 2015, 1,000 copies of a DVD of a historical documentary valued at \$15,000 were donated.

**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.

**PROCON.ORG**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Inventory**

Inventory represents DVD's contributed to ProCon.org and is stated at fair market value determined at the date of receipt.

**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, ProCon.org 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, 2015, 2014 and 2013 are subject to examination by the Internal Revenue Service, generally for three years after they are filed. In addition, the December 31, 2012 tax return is subject to examination by the state of California until four years after the date it was filed.

**3. DONATIONS RECEIVABLE**

Donations receivable of \$1,496 and \$7,206 for the years ended December 31, 2015 and 2014 respectively represent amounts of donations made by credit card near year-end but not collected until early in the next year.

**4. INVENTORY**

Inventory, of \$13,365, consists 891 copies of donated DVDs valued at \$15 each. The DVD's are valued at estimated fair market value at date of donation. The DVD is titled *Best of Enemies* and is used for promotional and fundraising purposes.

**5. NET ASSETS**

For the years ended December 31 net assets consist of:

	<u>Type of net asset</u>	<u>2015</u>	<u>2014</u>
Unrestricted		\$21,475	\$49,627
High school program on critical thinking.		<u>22,880</u>	---
Total net assets		<u>\$44,355</u>	<u>\$49,627</u>

**6. EVALUATION OF SUBSEQUENT EVENTS**

ProCon.org has evaluated subsequent events through March 4, 2016, the date which the financial statements were available to be issued, and there are no subsequent events to report.

# **PROCON.ORG**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

### **7. 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, 2015 and 2014, total expense related to the plan was \$10,911 and \$8,363 respectively. The plan also allows for a 2% voluntary contribution from employees.

### **8. CONCENTRATIONS**

ProCon.org is supported primarily by donor contributions. During 2015 approximately 77% of ProCon.org's cash support was provided by a private foundation controlled by the founder of ProCon.org. During 2014 approximately 80% of ProCon.org's cash support was provided by corporations controlled by the founder of ProCon.org. All contributed facilities and services were received from a corporation controlled by the founder of ProCon.org in 2015 and 2014. In 2015 and 2014 one unrelated corporation donated 97% and 99% of the contributed advertising.