

ProCon.org
(A NONPROFIT PUBLIC CHARITY CORPORATION)
Financial Statements
December 31, 2012 and 2011

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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, 2012 and 2011, 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

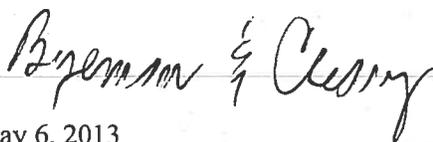
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2012 and 2011, 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.



May 6, 2013

PROCON.ORG
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STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Current assets:		
Cash	\$ 124,795	\$ 43,529
Cash designated for temporarily restricted net assets	10,000	650,000
Donations receivable	8,710	8,016
Prepaid expenses	<u>8,783</u>	<u>17,308</u>
Total current assets	<u>\$ 152,288</u>	<u>\$ 718,853</u>
Office equipment:		
Office equipment	4,391	-
Less: accumulated depreciation	<u>(73)</u>	<u>-</u>
Net office equipment	<u>4,318</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 156,606</u></u>	<u><u>\$ 718,853</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 10,688	\$ 4,578
Wages and related expenses payable	<u>22,276</u>	<u>13,726</u>
Total current liabilities / Total liabilities	<u>32,964</u>	<u>18,304</u>
Net assets:		
Unrestricted net assets	113,642	50,549
Temporarily restricted net assets	<u>10,000</u>	<u>650,000</u>
Total net assets	<u>123,642</u>	<u>700,549</u>
Total liabilities and net assets	<u><u>\$ 156,606</u></u>	<u><u>\$ 718,853</u></u>

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

PROCON.ORG
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2012			Year Ended December 31, 2011		
	Unrestricted	Temporarily		Unrestricted	Temporarily	
		Restricted	Total		Restricted	Total
Support and revenue:						
Contributions	\$ 42,362	\$ 10,000	\$ 52,362	\$ 624,985	\$ 650,000	\$ 1,274,985
Contributed facilities	55,653	-	55,653	54,664	-	54,664
Contributed services	24,396	-	24,396	23,291	-	23,291
Contributed advertising	127,815	-	127,815	124,794	-	124,794
Sponsorships	-	25,000	25,000	9,200	-	9,200
Fees	1,000	-	1,000	418	-	418
	<u>251,226</u>	<u>35,000</u>	<u>286,226</u>	<u>837,352</u>	<u>650,000</u>	<u>1,487,352</u>
Net assets released due to satisfaction of restrictions	675,000	(675,000)	-	-	-	-
Total support and revenue	<u>926,226</u>	<u>(640,000)</u>	<u>286,226</u>	<u>837,352</u>	<u>650,000</u>	<u>1,487,352</u>
Expenses:						
Program services	749,518	-	749,518	692,841	-	692,841
Supporting activities:						
Management & general	89,264	-	89,264	64,669	-	64,669
Fundraising	24,351	-	24,351	27,160	-	27,160
Total Expenses	<u>863,133</u>	<u>-</u>	<u>863,133</u>	<u>784,670</u>	<u>-</u>	<u>784,670</u>
Change in net assets	63,093	(640,000)	(576,907)	52,682	650,000	702,682
Net assets at beginning of year	50,549	650,000	700,549	(2,133)	-	(2,133)
Net assets at end of year	<u>\$ 113,642</u>	<u>\$ 10,000</u>	<u>\$ 123,642</u>	<u>\$ 50,549</u>	<u>\$ 650,000</u>	<u>\$ 700,549</u>

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

PROCON.ORG
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2012			Year Ended December 31, 2011				
	Program Service	Management & General	Fund-Raising	Total Expenses	Program Service	Management & General	Fund-Raising	Total Expenses
Wages	\$ 398,441	\$ 20,983	\$ 4,237	\$ 423,661	\$ 373,036	\$ 19,343	\$ 3,908	\$ 396,287
Employee benefits	29,556	924	308	30,788	23,881	734	244	24,859
Payroll taxes	34,548	1,838	368	36,754	32,491	1,699	340	34,530
Insurance	6,584	67	-	6,651	6,157	63	-	6,220
Worker's compensation insurance	2,972	93	31	3,096	2,652	83	28	2,763
Parking	13,346	413	-	13,759	12,041	372	-	12,413
Professional fees	25,270	36,594	18,769	80,633	21,120	15,321	22,023	58,464
Contributed facilities	53,428	1,670	555	55,653	52,478	1,640	547	54,665
Contributed services	-	24,396	-	24,396	-	23,291	-	23,291
Contributed advertising	127,815	-	-	127,815	124,794	-	-	124,794
Depreciation	70	2	1	73	-	-	-	-
Telephone	3,138	98	33	3,269	3,150	98	33	3,281
Postage	-	602	-	602	-	296	-	296
Advertising & promotion	16,492	-	-	16,492	12,747	-	-	12,747
Meals & entertainment	898	-	-	898	511	-	-	511
Auto fuel & mileage	230	-	-	230	353	-	-	353
Computer & web site	28,451	-	-	28,451	22,595	-	-	22,595
Office supplies	4,740	148	49	4,937	3,514	110	37	3,661
Dues & memberships	579	-	-	579	235	-	-	235
Education & conferences	2,806	-	-	2,806	550	-	-	550
Books & research access	154	-	-	154	536	-	-	536
Taxes & licenses	-	170	-	170	-	75	-	75
Bank charges & merchant fees	-	1,266	-	1,266	-	1,544	-	1,544
Total expenses	\$ 749,518	\$ 89,264	\$ 24,351	\$ 863,133	\$ 692,841	\$ 64,669	\$ 27,160	\$ 784,670

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

PROCON.ORG
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ (576,907)	\$ 702,682
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	73	-
(Increase) decrease in:		
Donations receivable	(694)	(2,130)
Prepaid expenses	8,525	(11,582)
Increase (decrease) in:		
Accounts payable	6,110	(3,747)
Wages and related expenses payable	8,550	(11,132)
Net cash provided (used) by operating activities	<u>(554,343)</u>	<u>674,091</u>
Cash flows from investing activities:		
Purchase of office equipment	(4,391)	-
Net cash used by investing activities	<u>(4,391)</u>	<u>-</u>
Net increase (decrease) in cash	(558,734)	674,091
Cash at beginning of year	<u>693,529</u>	<u>19,438</u>
Cash at end of year	<u>\$ 134,795</u>	<u>\$ 693,529</u>

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

PROCON.ORG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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.

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, 2012 and 2011 contributed facilities in the value of \$55,653 and \$54,664 respectively and contributed accounting services in the value of \$24,396 and \$23,291 respectively were donated to ProCon.org. In addition during the same years, contributed advertising in the value of \$127,815 and \$124,794 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, 2012

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.

3. NET ASSETS

For the years ended December 31 net assets consist of:

<u>Type of net asset</u>	<u>2012</u>	<u>2011</u>
Unrestricted	\$113,642	\$ 50,549
Development of two videos on critical thinking	10,000	---
Temporarily restricted for expenses of 2012	---	650,000
Total net assets	<u>\$123,642</u>	<u>\$700,549</u>

4. 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, 2012 and 2011, total expense related to the plan was \$7,784 and \$8,142 respectively.

5. CONCENTRATIONS

ProCon.org is supported primarily by donor contributions. During 2012 there was no concentration of cash support. During 2011 approximately 90% of ProCon.org's cash support was provided by a corporation 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 2012 and 2011. In 2012, 95% and in 2011 97% of the contributed advertising was donated by one unrelated commercial business corporation.

6. EVALUATION OF SUBSEQUENT EVENTS

ProCon.org has evaluated subsequent events through May 6, 2013, the date which the financial statements were available to be issued, and there are no subsequent events to report.