

ProCon.org
(A NONPROFIT PUBLIC CHARITY CORPORATION)
Financial Statements
December 31, 2013 and 2012

PROCON.ORG
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December 31, 2013

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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, 2013 and 2012, 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

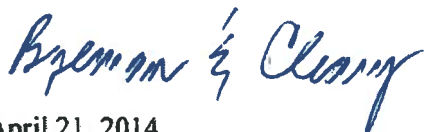
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2013 and 2012, 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.



April 21, 2014

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STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Current assets:		
Cash	\$ 31,155	\$ 124,795
Cash designated for temporarily restricted net assets	10,000	10,000
Donations receivable	24,702	8,710
Prepaid expenses	<u>8,353</u>	<u>8,783</u>
Total current assets	<u>74,210</u>	<u>152,288</u>
Office equipment:		
Office equipment	4,391	4,391
Less: accumulated depreciation	<u>(951)</u>	<u>(73)</u>
Net office equipment	<u>3,440</u>	<u>4,318</u>
TOTAL ASSETS	<u>\$ 77,650</u>	<u>\$ 156,606</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 21,476	\$ 10,688
Wages and related expenses payable	<u>18,301</u>	<u>22,276</u>
Total current liabilities / Total liabilities	<u>39,777</u>	<u>32,964</u>
Net assets:		
Unrestricted net assets	27,873	113,642
Temporarily restricted net assets	<u>10,000</u>	<u>10,000</u>
Total net assets	<u>37,873</u>	<u>123,642</u>
Total liabilities and net assets	<u>\$ 77,650</u>	<u>\$ 156,606</u>

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

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STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2013			Year Ended December 31, 2012		
	Unrestricted	Temporarily		Unrestricted	Temporarily	
		Restricted	Total		Restricted	Total
Support and revenue:						
Contributions	\$ 496,209	\$ 10,000	\$ 506,209	\$ 42,362	\$ 10,000	\$ 52,362
Special events support	95,408	10,000	105,408	-	-	-
Special events direct benefit costs	(26,082)	-	(26,082)	-	-	-
Sponsorships	-	5,000	5,000	-	25,000	25,000
Fees	400	-	400	1,000	-	1,000
Total cash contributions	565,935	25,000	590,935	43,362	35,000	78,362
Contributed facilities	56,636	-	56,636	55,653	-	55,653
Contributed services	25,873	-	25,873	24,396	-	24,396
Contributed advertising	126,572	-	126,572	127,815	-	127,815
Total in-kind contributions	209,081	-	209,081	207,864	-	207,864
Total contributions	775,016	25,000	800,016	251,226	35,000	286,226
Net assets released due to satisfaction of restrictions	25,000	(25,000)	-	675,000	(675,000)	-
Total support and revenue	800,016	-	800,016	926,226	(640,000)	286,226
Expenses:						
Program services	742,619	-	742,619	749,518	-	749,518
Supporting activities:						
Management & general	75,713	-	75,713	89,264	-	89,264
Fundraising	67,453	-	67,453	24,351	-	24,351
Total Expenses	885,785	-	885,785	863,133	-	863,133
Change in net assets	(85,769)	-	(85,769)	63,093	(640,000)	(576,907)
Net assets at beginning of year	113,642	10,000	123,642	50,549	650,000	700,549
Net assets at end of year	\$ 27,873	\$ 10,000	\$ 37,873	\$ 113,642	\$ 10,000	\$ 123,642

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

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STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2013			Year Ended December 31, 2012				
	Program Service	Management & General	Fund- Raising	Total Expenses	Program Service	Management & General	Fund- Raising	Total Expenses
Wages	\$ 411,188	\$ 21,751	\$ 4,374	\$ 437,313	\$ 398,441	\$ 20,983	\$ 4,237	\$ 423,661
Employee benefits	35,172	458	367	35,997	29,556	924	308	30,788
Payroll taxes	32,845	1,747	349	34,941	34,548	1,838	368	36,754
Insurance	6,599	708	-	7,307	6,584	67	-	6,651
Worker's compensation insurance	3,140	98	33	3,271	2,972	93	31	3,096
Parking	12,543	388	-	12,931	13,346	413	-	13,759
Professional fees	15,318	20,215	56,670	92,203	25,270	36,594	18,769	80,633
Contributed facilities	54,371	1,699	566	56,636	53,428	1,670	555	55,653
Contributed services	-	25,873	-	25,873	-	24,396	-	24,396
Contributed advertising	126,572	-	-	126,572	127,815	-	-	127,815
Depreciation	843	26	9	878	70	2	1	73
Telephone	3,392	106	35	3,533	3,138	98	33	3,269
Postage	-	693	-	693	-	602	-	602
Advertising & promotion	14,237	-	-	14,237	16,492	-	-	16,492
Meals & entertainment	625	-	-	625	898	-	-	898
Auto fuel & mileage	250	-	-	250	230	-	-	230
Computer & website	20,494	-	-	20,494	28,451	-	-	28,451
Office supplies	3,741	-	39	3,780	4,740	148	49	4,937
Dues & memberships	245	117	-	362	579	-	-	579
Education & conferences	935	-	-	935	2,806	-	-	2,806
Golf events costs	-	-	5,011	5,011	-	-	-	-
Books & research access	109	-	-	109	154	-	-	154
Taxes & licenses	-	276	-	276	-	170	-	170
Bank charges & merchant fees	-	1,558	-	1,558	-	1,266	-	1,266
Total expenses	\$ 742,619	\$ 75,713	\$ 67,453	\$ 885,785	\$ 749,518	\$ 89,264	\$ 24,351	\$ 863,133

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

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STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ (85,769)	\$ (576,907)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	878	73
(Increase) decrease in:		
Donations receivable	(15,992)	(694)
Prepaid expenses	430	8,525
Increase (decrease) in:		
Accounts payable	10,788	6,110
Wages and related expenses payable	(3,975)	8,550
Net cash used by operating activities	(93,640)	(554,343)
Cash flows from investing activities:		
Purchase of office equipment	-	(4,391)
Net cash used by investing activities	-	(4,391)
Net decrease in cash	(93,640)	(558,734)
Cash at beginning of year	134,795	693,529
Cash at end of year	\$ 41,155	\$ 134,795

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

PROCON.ORG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, 2013 and 2012 contributed facilities in the value of \$56,636 and \$55,653 respectively and contributed accounting services in the value of \$25,873 and \$24,396 respectively were donated to ProCon.org. In addition during the same years, contributed advertising in the value of \$126,572 and \$127,815 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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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.

Income taxes

The federal and state tax returns of ProCon.org for the years ended December 31, 2013, 2012 and 2011 are subject to examination by the Internal Revenue Service, generally for three years after they are filed. In addition, the December 31, 2010 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.

4. NET ASSETS

For the years ended December 31 net assets consist of:

<u>Type of net asset</u>	<u>2013</u>	<u>2012</u>
Unrestricted	\$27,873	\$113,642
Development of a video on felon voting	10,000	---
Development of a video on critical thinking	---	10,000
Total net assets	<u>\$37,873</u>	<u>\$123,642</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, 2013 and 2012, total expense related to the plan was \$8,332 and \$7,784 respectively. The plan also allows for a 2% voluntary contribution from employees.

6. CONCENTRATIONS

ProCon.org is supported primarily by donor contributions. 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. During 2012 there was no concentration of cash support. All contributed facilities and services were received from a corporation controlled by the founder of ProCon.org in 2013 and 2012. In 2013 and 2012 one unrelated corporation donated 95% of the contributed advertising.

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NOTES TO FINANCIAL STATEMENTS
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7. EVALUATION OF SUBSEQUENT EVENTS

ProCon.org has evaluated subsequent events through April 21, 2014, the date which the financial statements were available to be issued, and there are no subsequent events to report.