

ProCon.org
(A NONPROFIT PUBLIC CHARITY CORPORATION)
Financial Statements
December 31, 2016 and 2015

PROCON.ORG
TABLE OF CONTENTS
December 31, 2016

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ProCon.org for review

We have audited the accompanying financial statements of ProCon.org (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, 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, 2016 and 2015, 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, 2017

PROCON.ORG
STATEMENTS OF FINANCIAL POSITION

FOR REVIEW

<u>ASSETS</u>	December 31,	
	2016	2015
Current assets:		
Cash	\$ 324,906	\$ 22,150
Cash designated for temporarily restricted net assets	5,609	22,880
Donations receivable	2,033	1,496
Inventory	9,510	13,365
Prepaid expenses	8,942	12,336
Total current assets	351,000	72,227
Office equipment:		
Office equipment	4,391	4,391
Less: accumulated depreciation	(3,586)	(2,708)
Net office equipment	805	1,683
Total assets	\$ 351,805	\$ 73,910

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 4,532	\$ 14,826
Wages and related expenses payable	13,029	14,729
Total current liabilities / Total liabilities	17,561	29,555
Net assets:		
Unrestricted net assets	328,635	21,475
Temporarily restricted net assets	5,609	22,880
Total net assets	334,244	44,355
Total liabilities and net assets	\$ 351,805	\$ 73,910

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

PROCON.ORG
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2016			Year Ended December 31, 2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions	\$ 1,042,732	\$ 10,000	\$ 1,052,732	\$ 830,983	\$ 28,470	\$ 859,453
Fees	20,405	-	20,405	59	-	59
Total cash contributions	1,063,137	10,000	1,073,137	831,042	28,470	859,512
Contributed facilities	96,597	-	96,597	89,560	-	89,560
Contributed services	27,666	-	27,666	26,382	-	26,382
Contributed advertising	121,051	-	121,051	123,206	-	123,206
Contributed DVDs/software	898	-	898	15,000	-	15,000
Total in-kind contributions	246,212	-	246,212	254,148	-	254,148
Total contributions	1,309,349	10,000	1,319,349	1,085,190	28,470	1,113,660
Net assets released due to satisfaction of restrictions	27,271	(27,271)	-	5,590	(5,590)	-
Total support and revenue	1,336,620	(17,271)	1,319,349	1,090,780	22,880	1,113,660
Expenses:						
Program services	917,974	-	917,974	994,856	-	994,856
Supporting activities:						
Management & general	78,551	-	78,551	87,409	-	87,409
Fundraising	32,935	-	32,935	36,307	-	36,307
Total Expenses	1,029,460	-	1,029,460	1,118,572	-	1,118,572
Change in net assets	307,160	(17,271)	289,889	(27,792)	22,880	(4,912)
Net assets at beginning of year	21,475	22,880	44,355	49,267	-	49,267
Net assets at end of year	\$ 328,635	\$ 5,609	\$ 334,244	\$ 21,475	\$ 22,880	\$ 44,355

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

PROCON.ORG
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2016				Year Ended December 31, 2015			
	Program Service	Management & General	Fund- Raising	Total Expenses	Program Service	Management & General	Fund- Raising	Total Expenses
Wages	\$ 454,288	\$ 29,383	\$ 19,552	\$ 503,223	\$ 516,858	\$ 35,818	\$ 26,190	\$ 578,866
Employee benefits	51,366	2,025	1,865	55,256	52,640	2,574	3,092	58,306
Payroll taxes	34,850	2,328	1,492	38,670	42,272	2,929	2,142	47,343
Insurance	7,556	68	-	7,624	6,750	70	-	6,820
Worker's compensation insurance	2,242	155	94	2,491	3,203	124	34	3,361
Parking	11,394	352	-	11,746	13,438	416	-	13,854
Professional fees	39,761	12,931	2,325	55,017	35,604	13,412	-	49,016
Contributed facilities	92,733	2,898	966	96,597	84,186	4,478	895	89,559
Contributed services	-	27,666	-	27,666	-	26,382	-	26,382
Contributed advertising	121,051	-	-	121,051	123,207	-	-	123,207
Contributed DVDs distributed	-	-	3,855	3,855	-	-	1,635	1,635
Contributed - other	898	-	-	898	-	-	-	-
Depreciation	843	26	9	878	843	26	9	878
Telephone	3,773	119	39	3,931	3,496	109	36	3,641
Postage	-	373	-	373	-	565	-	565
Advertising & promotion	55,936	-	-	55,936	73,905	-	-	73,905
Transportation & lodging	3,309	-	-	3,309	5,969	174	-	6,143
Meals & entertainment	4,730	-	194	4,924	2,577	-	225	2,802
Auto fuel & mileage	432	-	-	432	96	-	-	96
Computer & website	25,182	-	-	25,182	21,852	-	-	21,852
Office supplies	3,651	115	38	3,804	3,090	94	31	3,215
Dues & memberships	3,229	-	-	3,229	2,315	159	-	2,474
Education & conferences	530	-	-	530	2,245	-	-	2,245
Golf event costs	-	-	-	-	-	-	439	439
Books & research access	220	-	-	220	310	-	-	310
Taxes & licenses	-	97	-	97	-	75	-	75
Bank charges & merchant fees	-	15	2,506	2,521	-	4	1,579	1,583
Total expenses	\$ 917,974	\$ 78,551	\$ 32,935	\$1,029,460	\$ 994,856	\$ 87,409	\$ 36,307	\$1,118,572

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

PROCON.ORG
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 289,889	\$ (4,912)
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	(537)	5,709
Inventory	3,855	1,635
Prepaid expenses	3,394	(4,036)
Increase (decrease) in:		
Accounts payable	(10,294)	9,370
Wages and related expenses payable	(1,700)	2,919
Net cash provided (used) by operating activities	285,485	(3,437)
Net increase (decrease) in cash	285,485	(3,437)
Cash at beginning of year	45,030	48,467
Cash at end of year	\$ 330,515	\$ 45,030

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

PROCON.ORG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 FOR REIVEW

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, 2016 and 2015 contributed facilities in the value of \$96,597 and \$89,560 respectively and contributed accounting services in the value of \$27,666 and \$26,382 respectively were donated to ProCon.org. In addition during the same years, contributed advertising in the value of \$121,051 and \$123,051 respectively was also donated to ProCon.org. In 2016 software with a value of \$898 was donated. 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, 2016 FOR REIVEW

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, 2016, 2015 and 2014 are subject to examination by the Internal Revenue Service, generally for three years after they are filed. In addition, the December 31, 2013 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 \$2,033 and \$1,496 for the years ended December 31, 2016 and 2015 respectively represent amounts of donations made by credit card near year-end but not collected until early in the next year.

4. INVENTORY

At June 30, 2016 and 2015 inventory consisted consists 634 and 891 copies of donated DVDs valued at \$15 each respectively with estimated values of \$9,510 and \$13,365 respectively. 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>2016</u>	<u>2015</u>
Unrestricted	\$328,635	\$21,475
High school program on critical thinking.	<u>5,609</u>	<u>22,880</u>
Total net assets	<u>\$334,244</u>	<u>\$44,355</u>

6. EVALUATION OF SUBSEQUENT EVENTS

ProCon.org has evaluated subsequent events through March 4, 2017, 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, 2016 FOR REIVEW

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, 2016 and 2015, total expense related to the plan was \$9,714 and \$10,911 respectively. The plan also allows for a 2% voluntary contribution from employees.

8. CONCENTRATIONS

ProCon.org is supported primarily by donor contributions. During 2016 and 2015 approximately 30% and 77% respectively of ProCon.org's cash support was provided by a private foundation controlled by the founder of ProCon.org. In 2016 this founder provided 18% of cash support. In 2016 one private foundation provided 13% of total cash contributions. All contributed facilities and services were received from a corporation controlled by the founder of ProCon.org in 2016 and 2015. In 2016 and 2015 one unrelated corporation donated 100% and 97% of the contributed advertising.

ProCon.org maintains cash in a bank located in Southern California. The deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2016, the amount in excess of insured limits based on the actual bank balance was \$72,021.