

ProCon.org
(A NONPROFIT PUBLIC CHARITY CORPORATION)
Financial Statements
December 31, 2017 and 2016

PROCON.ORG
TABLE OF CONTENTS
December 31, 2017

	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

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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, 2017 and 2016, 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

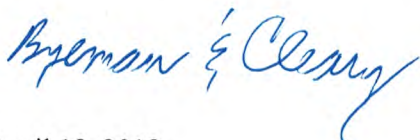
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2017 and 2016, 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.



April 18, 2018

PROCON.ORG
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Current assets:		
Cash	\$ 115,772	\$ 324,906
Cash designated for temporarily restricted net assets	350,000	5,609
Accounts receivable	200	-
Donations receivable	-	2,033
Inventory	6,000	9,510
Prepaid expenses	<u>7,117</u>	<u>8,942</u>
Total current assets	<u>479,089</u>	<u>351,000</u>
Office equipment:		
Office equipment	-	4,391
Less: accumulated depreciation	<u>-</u>	<u>(3,586)</u>
Net office equipment	<u>-</u>	<u>805</u>
Other assets:		
Cash held for website development	21,203	-
Website costs in progress	<u>28,797</u>	<u>-</u>
Total other assets	<u>50,000</u>	<u>-</u>
Total assets	<u><u>\$ 529,089</u></u>	<u><u>\$ 351,805</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities:		
Accounts payable	\$ 14,687	\$ 4,532
Wages and related expenses payable	<u>10,357</u>	<u>13,029</u>
Total current liabilities / Total liabilities	<u>25,044</u>	<u>17,561</u>
Net assets:		
Unrestricted net assets	132,514	328,635
Temporarily restricted net assets	<u>371,531</u>	<u>5,609</u>
Total net assets	<u>504,045</u>	<u>334,244</u>
Total liabilities and net assets	<u><u>\$ 529,089</u></u>	<u><u>\$ 351,805</u></u>

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

PROCON.ORG
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2017			Year Ended December 31, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions	\$ 416,292	\$ 414,000	\$ 830,292	\$ 1,042,732	\$ 10,000	\$ 1,052,732
Fees	10,550	-	10,550	20,405	-	20,405
Total cash contributions	426,842	414,000	840,842	1,063,137	10,000	1,073,137
Contributed facilities	89,175	-	89,175	96,597	-	96,597
Contributed services	11,765	-	11,765	27,666	-	27,666
Contributed advertising	121,655	-	121,655	121,051	-	121,051
Contributed software	-	-	-	898	-	898
Total in-kind contributions	222,595	-	222,595	246,212	-	246,212
Total contributions	649,437	414,000	1,063,437	1,309,349	10,000	1,319,349
Net assets released due to						
satisfaction of restrictions	48,078	(48,078)	-	27,271	(27,271)	-
Total support and revenue	697,515	365,922	1,063,437	1,336,620	(17,271)	1,319,349
Expenses:						
Program services	761,319	-	761,319	917,974	-	917,974
Supporting activities:						
Management & general	55,970	-	55,970	78,551	-	78,551
Fundraising	76,347	-	76,347	32,935	-	32,935
Total Expenses	893,636	-	893,636	1,029,460	-	1,029,460
Change in net assets	(196,121)	365,922	169,801	307,160	(17,271)	289,889
Net assets at beginning of year	328,635	5,609	334,244	21,475	22,880	44,355
Net assets at end of year	<u>\$ 132,514</u>	<u>\$ 371,531</u>	<u>\$ 504,045</u>	<u>\$ 328,635</u>	<u>\$ 5,609</u>	<u>\$ 334,244</u>

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

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STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2017				Year Ended December 31, 2016			
	Program Service	Management & General	Fund- Raising	Total Expenses	Program Service	Management & General	Fund- Raising	Total Expenses
Wages	\$ 376,966	\$ 4,236	\$ 42,355	\$ 423,557	\$ 454,288	\$ 29,383	\$ 19,552	\$ 503,223
Employee benefits	34,609	389	3,888	38,886	51,366	2,025	1,865	55,256
Payroll taxes	29,458	331	3,310	33,099	34,850	2,328	1,492	38,670
Insurance	6,603	74	742	7,419	7,556	68	-	7,624
Worker's compensation insurance	2,422	27	272	2,721	2,242	155	94	2,491
Parking	9,000	101	1,011	10,112	11,394	352	-	11,746
Professional fees	46,648	37,304	11,709	95,661	39,761	12,931	2,325	55,017
Contributed facilities	79,366	892	8,917	89,175	92,733	2,898	966	96,597
Contributed services	-	11,765	-	11,765	-	27,666	-	27,666
Contributed advertising	121,655	-	-	121,655	121,051	-	-	121,051
Contributed DVDs distributed	3,510	-	-	3,510	3,855	-	-	3,855
Contributed - other	-	-	-	-	898	-	-	898
Depreciation	717	8	81	806	843	26	9	878
Telephone	2,479	28	278	2,785	3,773	119	39	3,931
Postage	-	319	-	319	-	373	-	373
Advertising & promotion	9,096	286	-	9,382	55,936	-	-	55,936
Transportation & lodging	700	-	-	700	3,309	-	-	3,309
Meals & entertainment	3,180	42	417	3,639	4,730	-	194	4,924
Auto fuel & mileage	-	-	-	-	432	-	-	432
Computer & website	24,247	-	-	24,247	25,182	-	-	25,182
Office supplies	1,379	15	155	1,549	3,651	115	38	3,804
Dues & memberships	279	-	-	279	3,229	-	-	3,229
Event and conferences	8,606	-	-	8,606	530	-	-	530
Books & research access	399	-	-	399	220	-	-	220
Taxes & licenses	-	153	-	153	-	97	-	97
Bank charges & merchant fees	-	-	3,212	3,212	-	15	2,506	2,521
Total expenses	\$ 761,319	\$ 55,970	\$ 76,347	\$ 893,636	\$ 921,829	\$ 78,551	\$ 29,080	\$1,029,460

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

PROCON.ORG
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 169,801	\$ 289,889
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	806	878
Cash contributions restricted for website development	(50,000)	-
(Increase) decrease in:		
Donations receivable	1,833	(537)
Inventory	3,510	3,855
Prepaid expenses	1,825	3,394
Increase (decrease) in:		
Accounts payable	10,154	(10,294)
Wages and related expenses payable	(2,672)	(1,700)
Net cash provided by operating activities	135,257	285,485
Cash flows from investing activities:		
Purchase of web site contraction progress	(28,797)	-
Net cash used by investing activities	(28,797)	-
Cash flows from financing activities:		
Cash contributions restricted for website development	50,000	-
Net cash provided by financing activities	50,000	-
Net increase in cash	156,460	285,485
Cash at beginning of year	330,515	45,030
Cash at end of year	\$ 486,975	\$ 330,515

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

PROCON.ORG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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.

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.

Tax status

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3). In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Organization that is not a private foundation under Section 509(a)(2). The Organization is also exempt from state income tax under section 23701d of the California Revenue and Taxation Code.

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, 2017 and 2016 contributed facilities in the value of \$89,175 and \$96,597 respectively and contributed accounting services in the value of \$11,765 and \$27,666 respectively were donated to ProCon.org. In addition during the same years, contributed advertising in the value of \$121,655 and \$121,051 respectively was also donated to ProCon.org. In 2016 software with a value of \$898 was 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.

PROCON.ORG
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

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.

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, 2017, 2016 and 2015 are subject to examination by the Internal Revenue Service, generally for three years after they are filed. In addition, the December 31, 2014 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 for the year ended December 31, 2016 represent amounts of donations made by credit card near year-end but not collected until early in the next year. There are no donations receivable at December 31, 2017.

4. INVENTORY

At December 31, 2017 and 2016 inventory consisted of 400 and 634 copies of donated DVDs valued at \$15 each respectively with estimated values of \$6,000 and \$9,510 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>2017</u>	<u>2016</u>
Unrestricted	\$132,514	\$328,635
Website rework	21,531	---
Restricted for year 2018	350,000	---
High school program on critical thinking.	---	5,609
Total net assets	<u>\$504,045</u>	<u>\$334,244</u>

PROCON.ORG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

6. EVALUATION OF SUBSEQUENT EVENTS

ProCon.org has evaluated subsequent events through April 18, 2018, the date which the financial statements were available to be issued, and there are no subsequent events to report.

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, 2017 and 2016, total expense related to the plan was \$8,124 and \$9,714 respectively. The plan also allows for a 2% voluntary contribution from employees.

8. CONCENTRATIONS

ProCon.org is supported primarily by donor contributions. During 2017 and 2016 approximately 32% and 30% respectively of ProCon.org's cash support was provided by a private foundation controlled by the founder of ProCon.org. In 2017 and 2016 this founder provided 42% and 18% of cash support respectively. 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 2017 and 2016. In 2017 and 2016 one unrelated corporation donated 98% and 100% 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, 2017 and 2016, the amount in excess of insured limits based on actual bank balances were \$184,410 and \$72,021 respectively.