

PROKIDS
ANNUAL REPORT
DECEMBER 31, 2014

PROKIDS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
ProKids

We have audited the accompanying financial statements of ProKids (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, 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 ProKids as of December 31, 2014 and 2013, 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.

Soper, Soper & Weinel LLP

Cincinnati, Ohio

March 3, 2015

PROKIDS

STATEMENTS OF FINANCIAL POSITION

At December 31,

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets		
Cash and Cash Equivalents	\$ 752,387	\$ 825,317
Accounts Receivable	0	248
Unconditional Promises to Give	1,286,036	1,035,385
Prepaid Expenses	6,293	4,329
Deposit - Rent	1,283	1,283
- Bureau of Workers' Compensation	1,000	1,000
- Other	<u>320</u>	<u>320</u>
Total Current Assets	2,047,319	1,867,882
Investments	950,674	533,873
Property and Equipment At Cost (Net of accumulated depreciation of \$73,020 and \$49,597)	19,908	10,491
Other Assets		
Beneficial Interest in Greater Cincinnati Foundation	<u>11,919</u>	<u>12,056</u>
TOTAL ASSETS	<u>3,029,820</u>	<u>2,424,302</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Expenses	33,675	39,040
Vacation Accrual	<u>72,649</u>	<u>67,626</u>
Total Current Liabilities	<u>106,324</u>	<u>106,666</u>
Net Assets		
Unrestricted	1,625,540	1,270,195
Temporarily Restricted	1,286,036	1,035,385
Permanently Restricted	<u>11,920</u>	<u>12,056</u>
Total Net Assets	<u>2,923,496</u>	<u>2,317,636</u>
TOTAL LIABILITIES AND NET ASSETS	<u>3,029,820</u>	<u>2,424,302</u>

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

PROKIDS

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2014
(With Comparative Totals as of December 31, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	2013 Total
REVENUES, GAINS AND OTHER SUPPORT					
Contributions, Grants and Fundraising	\$1,052,804	\$ 6,600	\$ -	\$1,059,404	\$ 700,053
Donated Services	533,251	-	-	533,251	512,392
Sponsorship	-	-	-	-	2,500
Government Grants	81,956	-	-	81,956	74,148
United Way & Community Chest	-	107,200	-	107,200	106,449
Net Unrealized and Realized Gain on Long Term Investments	898	-	-	898	72,647
Interest & Dividends	28,834	-	-	28,834	19,668
Run for Kids, Net of Expenses Totaling \$13,256	24,066	-	-	24,066	22,388
Friends of Children Society, Net of Expenses Totaling \$20,922	561,578	249,900	-	811,478	563,342
Net Assets Released from Restrictions: Satisfaction of Purpose and Time Restrictions	<u>113,049</u>	<u>(113,049)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>2,396,436</u>	<u>250,651</u>	<u>-</u>	<u>2,647,087</u>	<u>2,073,587</u>
EXPENSES					
Program Services					
Victims of Crime Act (VOCA)	75,002	-	-	75,002	74,456
Operating	<u>1,552,172</u>	<u>-</u>	<u>-</u>	<u>1,552,172</u>	<u>1,392,632</u>
Total Program Services	<u>1,627,174</u>	<u>-</u>	<u>-</u>	<u>1,627,174</u>	<u>1,467,088</u>
Support Services					
Management & General	130,961	-	-	130,961	155,148
Fund Raising	<u>282,956</u>	<u>-</u>	<u>-</u>	<u>282,956</u>	<u>281,546</u>
Total Support Services	<u>413,917</u>	<u>-</u>	<u>-</u>	<u>413,917</u>	<u>436,694</u>
Total Expenses	2,041,091	-	-	2,041,091	1,903,782
Unrealized (Loss) Gain in Beneficial Interest in Greater Cincinnati Foundation	<u>-</u>	<u>-</u>	<u>(136)</u>	<u>(136)</u>	<u>240</u>
Change in Net Assets	355,345	250,651	(136)	605,860	170,045
NET ASSETS – Beginning of Year	<u>1,270,195</u>	<u>1,035,385</u>	<u>12,056</u>	<u>2,317,636</u>	<u>2,147,591</u>
NET ASSETS – End of Year	<u>1,625,540</u>	<u>1,286,036</u>	<u>11,920</u>	<u>2,923,496</u>	<u>2,317,636</u>

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

PROKIDS

STATEMENTS OF CASH FLOWS

For the Years Ended December 31,

	<u>2014</u>	<u>2013</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 605,860	\$ 170,045
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	23,423	5,998
Unrealized Loss (Gain) on Beneficial Interest in GCF	136	(240)
Net Realized & Unrealized (Gain) on Investments	(898)	(72,647)
(Increase) in Unconditional Promises to Give	(250,651)	(107,925)
(Increase) Decrease in Prepaid Expenses	(1,964)	2,887
Decrease (Increase) in Accounts Receivable	248	(248)
(Decrease) Increase in Accounts Payable and Accrued Expenses	(5,365)	28,605
Increase in Vacation Accrual	5,023	9,421
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>375,812</u>	<u>35,896</u>
CASH FLOW FROM INVESTING ACTIVITIES		
(Increase) of Investment Costs	(415,902)	(20,013)
Purchase of Property and Equipment	(32,840)	(2,471)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(448,742)</u>	<u>(22,484)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(72,930)	13,412
BEGINNING CASH AND CASH EQUIVALENTS	<u>825,317</u>	<u>811,905</u>
ENDING CASH AND CASH EQUIVALENTS	<u>752,387</u>	<u>825,317</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
IN-KIND CONTRIBUTIONS:		
Stock	<u>40,130</u>	<u>17,992</u>
TOTAL NON-CASH INVESTING AND FINANCING ACTIVITIES	<u>40,130</u>	<u>17,992</u>

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

PROKIDS

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

(With Summarized Financial Information for the Year Ended December 31, 2013)

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>			<u>2014 TOTAL</u>	<u>2013 TOTAL</u>
	<u>VOCA</u>	<u>OPERATING</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGE- MENT & GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL SUPPORT SERVICES</u>		
Salaries	\$ 55,692	\$ 672,080	\$ 727,772	\$ 90,352	\$ 200,017	\$ 290,369	\$ 1,018,141	\$ 925,183
Payroll Taxes	4,496	53,696	58,192	7,219	15,980	23,199	81,391	68,352
Workers' Compensation	370	4,419	4,789	594	1,315	1,909	6,698	7,480
Insurance - Health	6,318	75,449	81,767	10,143	22,454	32,597	114,364	103,460
Outside Payroll Services	-	2,016	2,016	271	600	871	2,887	2,730
Employee Expense	-	213	213	-	-	-	213	183
Client Needs	-	15,568	15,568	-	-	-	15,568	9,356
Professional Services	-	3,000	3,000	7,100	-	7,100	10,100	7,100
Supplies	-	9,786	9,786	-	-	-	9,786	7,491
Telephone	-	6,035	6,035	811	1,796	2,607	8,642	9,262
Web Hosting	-	-	-	-	-	-	-	407
Postage	-	2,343	2,343	-	-	-	2,343	2,470
Rent	-	19,832	19,832	2,666	5,902	8,568	28,400	27,850
Utilities	-	7,019	7,019	944	2,089	3,033	10,052	9,772
Repair and Maintenance	-	17,349	17,349	2,332	5,163	7,495	24,844	19,418
Staff Mileage and Travel	8,126	9,202	17,328	-	-	-	17,328	15,678
Staff Education Expense	-	5,525	5,525	-	-	-	5,525	33,878
Dues, Subscription and Fees	-	4,419	4,419	-	-	-	4,419	3,084
Depreciation	-	16,356	16,356	2,199	4,868	7,067	23,423	5,998
Insurance - General	-	3,602	3,602	484	1,072	1,556	5,158	5,107
Donated Services	-	527,851	527,851	5,400	-	5,400	533,251	512,392
Fund Raising Expenses	-	-	-	-	6,148	6,148	6,148	7,487
Contract Services	-	553	553	-	-	-	553	-
Miscellaneous	-	463	463	-	-	-	463	2,606
PKYP Expense	-	8,035	8,035	-	-	-	8,035	11,179
Printing and Publications	-	7,046	7,046	-	6,077	6,077	13,123	18,088
Volunteer Expenses	-	21,343	21,343	-	-	-	21,343	14,783
Marketing	-	5,512	5,512	-	8,488	8,488	14,000	9,687
Security	-	3,316	3,316	446	987	1,433	4,749	289
Bank Fees	-	9,965	9,965	-	-	-	9,965	5,476
Technology	-	1,936	1,936	-	-	-	1,936	3,620
Virtual Academy	-	27,143	27,143	-	-	-	27,143	53,916
Computer Consulting	-	11,100	11,100	-	-	-	11,100	-
TOTAL	<u>75,002</u>	<u>1,552,172</u>	<u>1,627,174</u>	<u>130,961</u>	<u>282,956</u>	<u>413,917</u>	<u>2,041,091</u>	<u>1,903,782</u>

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

PROKIDS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A) Nature of Activities

ProKids recruits, trains and supervises volunteers, CASAs-Court Appointed Special Advocates, who advocate on behalf of children who have been abused and neglected in Hamilton County, Ohio.

B) Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which have no donor-imposed restrictions; temporarily restricted net assets, which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets, which have donor-imposed restrictions which do not expire.

C) Basis of Accounting

The Financial statements of ProKids have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

D) Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments to be cash equivalents and all certificates of deposit to be cash equivalents. At various times during the year, the Organization's cash deposits exceeded the federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

E) Promises to Give

Unconditional Promises to Give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional Promises to Give are recognized when the conditions on which they depend are substantially met. Statement of Financial Accounting Standards No. 116 requires that contributed revenue be measured at fair value.

F) Property and Equipment

Property and equipment is stated at cost, or, if donated, at fair value when received. The Organization capitalizes property and equipment valued in excess of \$1500. Depreciation is provided on the straight-line basis over the following estimated useful lives:

Software	3 years
Equipment and Computers	5 years
Furniture and Fixtures	7 years

Total depreciation expense was \$23,423, and \$5,998 for fiscal years 2014, and 2013, respectively.

G) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

H) Donated Services

In-kind contributions of services used in the Organization's programs are recorded as income and expense at the estimated fair value of those items. Donated services are not recorded if no objective basis is available to measure the value received by the Organization.

PROKIDS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1 - Summary of Significant Accounting Policies - Continued

H) Donated Services - continued

A substantial number of volunteers have contributed significant amounts of their time to the Organization's programs and management. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

I) Investments

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

All investments held by the Organization are level 1 inputs.

J) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K) Income Taxes

ProKids is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, ProKids has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2013. The Organization's federal exempt organization tax returns are subject to examination by the Internal Revenue Service generally for three years after they are filed.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 6 - Donated Services

The value of donated services included as contributions in the financial statements and the corresponding expenses for the year ended December 31, 2014 are as follows:

	<u>Program</u>	<u>Support</u>
Parking	\$ 14,040	\$ -
Custodial Services	3,180	-
Tote Bags	897	-
Advertising	38,220	-
Storage Unit	2,376	-
Printing	875	-
Volunteer Services	448,385	-
Website Design and Hosting	14,878	-
Video Production	5,000	-
Accounting Services	-	5,400
TOTAL	<u>527,851</u>	<u>5,400</u>

Program volunteer hours have been recorded in the financial statements as it has been determined that the FASB Criteria for financial forms has been met. CASA volunteer hours and other direct service hours of 20,894 were provided in 2014. The estimated value of volunteer time is \$21.46 per hour (per www.independentsector.org).

Note 7 - Retirement Plan

The Organization maintains a 403(b) Plan for the benefit of eligible employees. Participants may contribute a portion of their compensation, up to 15%, to the plan. Contributions are made by the Organization at the discretion of management. No discretionary contributions were made by the Organization during the year.

Note 8 - Investments

The cost and fair value of the Organization's investments are summarized as follows:

	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
Exchange Traded Funds	\$ 415,673	\$ 421,110	\$ 5,437
Mutual Funds	513,511	492,336	(21,175)
Equity Securities	<u>25,427</u>	<u>37,228</u>	<u>11,801</u>
TOTALS	<u>954,611</u>	<u>950,674</u>	<u>(3,937)</u>

Note 9 – Prepaid Expenses

As of December 31, prepaid expenses were composed of:

	<u>2014</u>	<u>2013</u>
General Insurance	\$ 429	\$ 399
Service Contracts	1,399	150
State Unemployment	<u>4,465</u>	<u>3,780</u>
TOTAL	<u>6,293</u>	<u>4,329</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10 – Promises to Give

Unconditional Promises to Give consist of the following:

	<u>2014</u>	<u>2013</u>
Friends of Children Society	\$ 1,179,336	\$ 928,936
United Way	<u>106,700</u>	<u>106,449</u>
TOTAL	<u><u>1,286,036</u></u>	<u><u>1,035,385</u></u>
Amounts Due in:		
Less Than one Year	368,245	290,444
One to Five Years	859,463	677,328
More than Five Years	<u>58,328</u>	<u>67,613</u>
TOTAL	<u><u>1,286,036</u></u>	<u><u>1,035,385</u></u>

The present value of cash flows from recorded Friends of Children Society is discounted for 93.09% expected collectability and using a 1.502% rate of interest. Without discounting, the stated value of recorded Promises to Give is \$1,307,675, and \$1,049,605 for fiscal years 2014, and 2013, respectively.

Although donor designations to the United Way may vary, differences between the amounts allocated and collected from United Way have historically been insignificant. Accordingly, no provision is made for uncollectible amounts.

Note 11 - Subsequent Events

ProKids evaluated subsequent events through March 3, 2015, the date the financial statements were available to be issued, and noted no material subsequent events had occurred through this date warranting revision to or additional disclosure in the financial statements.