

PROKIDS
ANNUAL REPORT
DECEMBER 31, 2015

PROKIDS

TABLE OF CONTENTS

December 31, 2015

<u>Title</u>	<u>Page</u>
Independent Auditor's Report	3
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Statements of Functional Expenses	7
Notes to Financial Statements	8

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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, 2015, and 2014, 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, 2015, and 2014, 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

May 3, 2016

PROKIDS

STATEMENTS OF FINANCIAL POSITION

At December 31,

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and Cash Equivalents	\$ 179,233	\$ 752,387
Accounts Receivable	515	0
Unconditional Promises to Give	1,256,796	1,286,036
Prepaid Expenses	5,506	6,293
Deposit - Rent	1,283	1,283
- Bureau of Workers' Compensation	0	1,000
- Other	<u>320</u>	<u>320</u>
Total Current Assets	1,443,653	2,047,319
Investments	1,871,967	950,674
Property and Equipment At Cost (Net of accumulated depreciation of \$89,486, and \$73,020)	18,455	19,908
Other Assets		
Beneficial Interest in Greater Cincinnati Foundation	<u>11,670</u>	<u>11,919</u>
TOTAL ASSETS	<u>3,345,745</u>	<u>3,029,820</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Expenses	36,018	33,675
Vacation Accrual	<u>75,393</u>	<u>72,649</u>
Total Current Liabilities	<u>111,411</u>	<u>106,324</u>
Net Assets		
Unrestricted	1,700,145	1,625,540
Temporarily Restricted	1,256,796	1,286,036
Permanently Restricted	<u>277,393</u>	<u>11,920</u>
Total Net Assets	<u>3,234,334</u>	<u>2,923,496</u>
TOTAL LIABILITIES AND NET ASSETS	<u>3,345,745</u>	<u>3,029,820</u>

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

PROKIDS

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2015
(With Comparative Totals as of December 31, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
REVENUES, GAINS AND OTHER SUPPORT					
Contributions, Grants and Fundraising	\$ 833,129	\$ 8,225	\$ 270,000	\$1,111,354	\$1,059,404
Donated Services	602,035	-	-	602,035	533,251
Government Grants	80,733	-	-	80,733	81,956
United Way & Community Chest	-	104,050	-	104,050	107,200
Net Unrealized and Realized (Loss)					
Gain on Long Term Investments	(57,062)	-	(7,325)	(64,387)	898
Interest & Dividends	37,789	-	3,047	40,836	28,834
Run for Kids,					
Net of Expenses Totaling \$10,737	20,309	-	-	20,309	24,066
Friends of Children Society,					
Net of Expenses Totaling \$24,770	151,697	484,218	-	635,915	811,478
Net Assets Released from Restrictions:					
Satisfaction of Purpose and Time Restrictions	<u>625,733</u>	<u>(625,733)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>2,294,363</u>	<u>(29,240)</u>	<u>265,722</u>	<u>2,530,845</u>	<u>2,647,087</u>
EXPENSES					
Program Services					
Victims of Crime Act (VOCA)	97,241	-	-	97,241	75,002
Operating	<u>1,701,169</u>	<u>-</u>	<u>-</u>	<u>1,701,169</u>	<u>1,552,172</u>
Total Program Services	<u>1,798,410</u>	<u>-</u>	<u>-</u>	<u>1,798,410</u>	<u>1,627,174</u>
Support Services					
Management & General	156,807	-	-	156,807	130,961
Fund Raising	<u>264,541</u>	<u>-</u>	<u>-</u>	<u>264,541</u>	<u>282,956</u>
Total Support Services	<u>421,348</u>	<u>-</u>	<u>-</u>	<u>421,348</u>	<u>413,917</u>
Total Expenses	2,219,758	-	-	2,219,758	2,041,091
Unrealized (Loss) in Beneficial Interest in Greater Cincinnati Foundation	<u>-</u>	<u>-</u>	<u>(249)</u>	<u>(249)</u>	<u>(136)</u>
Change in Net Assets	74,605	-	265,473	310,838	605,860
NET ASSETS – Beginning 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>
NET ASSETS – End of Year	<u>1,700,145</u>	<u>1,256,796</u>	<u>277,393</u>	<u>3,234,334</u>	<u>2,923,496</u>

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

PROKIDS

STATEMENTS OF CASH FLOWS

For the Years Ended December 31,

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 310,838	\$ 605,860
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	16,465	23,423
Unrealized Loss on Beneficial Interest in GCF	249	136
Net Realized & Unrealized Loss (Gain) on Investments	64,387	(898)
Decrease (Increase) in Unconditional Promises to Give	29,240	(250,651)
Decrease (Increase) in Prepaid Expenses	787	(1,964)
(Increase) Decrease in Accounts Receivable	(515)	248
Decrease in Deposits	1,000	0
Increase (Decrease) in Accounts Payable and Accrued Expenses	2,343	(5,365)
Increase in Vacation Accrual	<u>2,744</u>	<u>5,023</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>427,538</u>	<u>375,812</u>
CASH FLOW FROM INVESTING ACTIVITIES		
(Increase) of Investment Costs	(985,680)	(415,902)
Purchase of Property and Equipment	<u>(15,012)</u>	<u>(32,840)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(1,000,692)</u>	<u>(448,742)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(573,154)	(72,930)
BEGINNING CASH AND CASH EQUIVALENTS	<u>752,387</u>	<u>825,317</u>
ENDING CASH AND CASH EQUIVALENTS	<u>179,233</u>	<u>752,387</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
IN-KIND CONTRIBUTIONS:		
Stock	41,376	40,130
Furniture	<u>4,000</u>	<u>0</u>
TOTAL NON-CASH INVESTING AND FINANCING ACTIVITIES	<u>45,376</u>	<u>40,130</u>

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

PROKIDS

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

(With Summarized Financial Information for the Year Ended December 31, 2014)

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>			<u>2015 TOTAL</u>	<u>2014 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>		
Bank Fees	\$ -	\$ 8,083	\$ 8,083	\$ -	\$ -	\$ -	\$ 8,083	\$ 9,965
Client Needs	-	23,924	23,924	-	-	-	23,924	15,568
Computer Consulting	-	-	-	-	-	-	0	11,100
Contract Services	-	1,340	1,340	-	-	-	1,340	553
Depreciation	-	11,707	11,707	1,749	3,009	4,758	16,465	23,423
Donated Services	-	592,235	592,235	5,800	-	5,800	598,035	533,251
Dues, Subscriptions and Fees	-	4,546	4,546	-	-	-	4,546	4,419
Employee Expense	-	189	189	-	-	-	189	213
Fund Raising Expenses	-	-	-	-	4,857	4,857	4,857	6,148
Insurance – General	-	4,345	4,345	649	1,117	1,766	6,111	5,158
Insurance – Health	6,597	69,510	76,107	10,387	17,867	28,254	104,361	114,364
Marketing	-	24,084	24,084	-	3,899	3,899	27,983	14,000
Miscellaneous	-	5,641	5,641	-	-	-	5,641	463
Outside Payroll Services	-	2,083	2,083	311	535	846	2,929	2,887
Payroll Taxes	5,561	59,184	64,745	8,844	15,213	24,057	88,802	81,391
PKYP Expense	-	8,712	8,712	-	-	-	8,712	8,035
Postage	-	4,425	4,425	-	-	-	4,425	2,343
Printing and Publication	-	7,761	7,761	-	7,766	7,766	15,527	13,123
Professional Services	-	6,993	6,993	7,500	-	7,500	14,493	10,100
Rent	2,556	17,933	20,489	3,062	5,266	8,328	28,817	28,400
Repairs and Maintenance	-	17,452	17,452	2,608	4,486	7,094	24,546	24,844
Salaries	69,720	742,057	811,777	110,890	190,740	301,630	1,113,407	1,018,141
Security	-	241	241	36	62	98	339	4,749
Staff Education Expense	-	6,781	6,781	-	-	-	6,781	5,525
Staff Mileage and Travel	9,793	11,027	20,820	-	-	-	20,820	17,328
Supplies	755	8,764	9,519	-	-	-	9,519	9,786
Technology	-	2,841	2,841	-	-	-	2,841	1,936
Telephone	1,800	5,327	7,127	1,065	1,832	2,897	10,024	8,642
Utilities	-	6,966	6,966	1,041	1,791	2,832	9,798	10,052
Virtual Academy	-	2,076	2,076	-	-	-	2,076	27,143
Volunteer Expenses	-	40,103	40,103	2,142	4,857	6,999	47,102	21,343
Workers' Compensation	459	4,839	5,298	723	1,244	1,967	7,265	6,698
TOTAL	<u>97,241</u>	<u>1,701,169</u>	<u>1,798,410</u>	<u>156,807</u>	<u>264,541</u>	<u>421,348</u>	<u>2,219,758</u>	<u>2,041,091</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 \$16,465, and \$23,423, for fiscal years 2015, and 2014, 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 2015. 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.

PROKIDS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

L) Contributions

Contributions are recorded when received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Temporarily restricted contributions whose restrictions are not in the same period as the contribution are reported as unrestricted support.

M) Advertising

The organization expenses advertising as incurred.

Note 2 - United Way

Effective January 1, 1987, ProKids became an agency of *United Way*. For the calendar year ended December 31, 2015, ProKids had revenue totaling \$104,050.

Note 3 - Leases

ProKids leases office space from the Mayerson Foundation at 2605 Burnet Avenue, Cincinnati, Ohio. The third amendment to lease extends the lease to October 31, 2020. The minimum rental under this lease is as follows:

2016	\$ 30,900
2017	31,300
2018	33,300
2019	33,300
2020	27,750

Note 4 - Property and Equipment

Property and Equipment consists of the following:

	<u>2015</u>	<u>2014</u>
Software	\$ 10,624	\$ 10,624
Furniture	18,371	11,513
Equipment	<u>78,946</u>	<u>70,791</u>
TOTAL COSTS	107,941	92,928
Less: Accumulated Depreciation	<u>89,486</u>	<u>73,020</u>
NET FIXED ASSETS	<u><u>18,455</u></u>	<u><u>19,908</u></u>

Note 5 – Beneficial Interest in Perpetual Trust – Greater Cincinnati Foundation

The Organization is the beneficiary of the ProKids Tuition Fund of the Greater Cincinnati Foundation. Application of SFAS No. 136, Transfers of Assets to a Not-For-Profit Organization of Charitable Trust That Raises or Holds Contributions for Others, requires that the trust assets, which are not in the possession of the Organization be recorded in the statements of financial position as a permanently restricted net asset and as an interest in the Greater Cincinnati Foundation based on the fair market value of the trust. Net realized and unrealized gains (losses)

PROKIDS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 5 – Beneficial Interest in Perpetual Trust – Greater Cincinnati Foundation - Continued

related to the Organization’s beneficial interest are reported as changes in permanently restricted net assets. Distributions from the Fund are to be used for the granting of partial or full scholarships to persons in need of financial help to begin or continue their education at the high school level. No distributions were made in 2015, and 2014.

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, 2015 are as follows:

	<u>Program</u>	<u>Support</u>
Parking	\$ 14,220	\$ -
Custodial Services	3,243	-
Tote Bags	2,028	-
Advertising	69,160	-
Storage Unit	2,079	-
Printing	725	-
Volunteer Services	460,503	-
Website Hosting	660	-
Website Design	32,592	-
Video Production and Design	6,425	-
Furniture	4,000	-
Catering	600	-
Accounting Services	-	5,800
TOTAL	<u>596,235</u>	<u>5,800</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 20,875 were provided in 2015. The estimated value of volunteer time is \$22.06 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	\$ 623,576	\$ 621,961	\$ (1,615)
Mutual Funds	1,289,123	1,214,395	(74,728)
Equity Securities	27,810	35,611	7,801
TOTALS	<u>1,940,509</u>	<u>1,871,967</u>	<u>(68,542)</u>

PROKIDS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 9 – Prepaid Expenses

As of December 31, prepaid expenses were composed of:

	<u>2015</u>	<u>2014</u>
General Insurance	\$ 505	\$ 429
Service Contracts	1,363	1,399
State Unemployment	<u>3,638</u>	<u>4,465</u>
TOTAL	<u><u>5,506</u></u>	<u><u>6,293</u></u>

Note 10 – Promises to Give

Unconditional Promises to Give consist of the following:

	<u>2015</u>	<u>2014</u>
Friends of Children Society	\$ 1,151,796	\$ 1,179,336
United Way	<u>105,000</u>	<u>106,700</u>
TOTAL	<u><u>1,256,796</u></u>	<u><u>1,286,036</u></u>

Amounts Due in:

Less Than one Year	313,053	368,245
One to Five Years	864,587	859,463
More than Five Years	<u>79,156</u>	<u>58,328</u>
TOTAL	<u><u>1,256,796</u></u>	<u><u>1,286,036</u></u>

The present value of cash flows from recorded Friends of Children Society is discounted for 92.23% expected collectability and using a 1.296% rate of interest. Without discounting, the stated value of recorded Promises to Give is \$1,275,525, and \$1,307,675 for fiscal years 2015, and 2014, 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 9, 2016, 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.