

**PROKIDS**  
**ANNUAL REPORT**  
**DECEMBER 31, 2016**

**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, 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 ProKids 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.

*Soper, Soper & Weinel LLP*

Cincinnati, Ohio

March 7, 2017

# PROKIDS

## STATEMENTS OF FINANCIAL POSITION

At December 31,

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### ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets		
Cash and Cash Equivalents	\$ 357,149	\$ 179,233
Accounts Receivable	1,684	515
Unconditional Promises to Give	1,245,039	1,256,796
Prepaid Expenses	7,114	5,506
Deposit - Rent	1,283	1,283
- Other	<u>320</u>	<u>320</u>
Total Current Assets	1,612,589	1,443,653
Investments	2,732,567	1,871,967
Property and Equipment At Cost (Net of accumulated depreciation of \$106,824, and \$87,200)	17,871	18,455
Other Assets		
Beneficial Interest in Greater Cincinnati Foundation	<u>11,483</u>	<u>11,670</u>
<b>TOTAL ASSETS</b>	<b><u>4,374,510</u></b>	<b><u>3,345,745</u></b>

### LIABILITIES AND NET ASSETS

Current Liabilities	39,629	36,018
Vacation Accrual	<u>92,151</u>	<u>75,393</u>
Total Current Liabilities	<u>131,780</u>	<u>111,411</u>
Net Assets		
Unrestricted	2,589,862	1,700,145
Temporarily Restricted	1,245,039	1,256,796
Permanently Restricted	<u>407,829</u>	<u>277,393</u>
Total Net Assets	<u>4,242,730</u>	<u>3,234,334</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>4,374,510</u></b>	<b><u>3,345,745</u></b>

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

## PROKIDS

### STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2016  
(With Comparative Totals as of December 31, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>					
Contributions, Grants and Fundraising	\$1,455,446	\$ 8,245	\$ 104,373	\$1,568,064	\$1,111,354
Donated Services	631,469	-	-	631,469	602,035
Government Grants	125,010	-	-	125,010	80,733
United Way & Community Chest	-	100,375	-	100,375	104,050
Net Unrealized and Realized Gain (Loss) on Long Term Investments	125,342	-	19,439	144,781	(64,387)
Interest & Dividends	60,280	-	8,040	68,320	40,836
Run for Kids, Net of Expenses Totaling \$14,103	16,281	-	-	16,281	20,309
Friends of Children Society, Net of Expenses Totaling \$25,753	219,443	603,227	-	822,670	635,915
Net Assets Released from Restrictions: Satisfaction of Purpose and Time Restrictions	<u>724,833</u>	<u>(723,604)</u>	<u>(1,229)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>3,358,104</u>	<u>(11,757)</u>	<u>130,623</u>	<u>3,476,970</u>	<u>2,530,845</u>
<b>EXPENSES</b>					
Program Services					
Victims of Crime Act (VOCA)	110,406	-	-	110,406	97,241
Operating	<u>1,889,726</u>	<u>-</u>	<u>-</u>	<u>1,889,726</u>	<u>1,701,169</u>
Total Program Services	<u>2,000,132</u>	<u>-</u>	<u>-</u>	<u>2,000,132</u>	<u>1,798,410</u>
Support Services					
Management & General	169,617	-	-	169,617	156,807
Fund Raising	<u>298,638</u>	<u>-</u>	<u>-</u>	<u>298,638</u>	<u>264,541</u>
Total Support Services	<u>468,255</u>	<u>-</u>	<u>-</u>	<u>468,255</u>	<u>421,348</u>
Total Expenses	2,468,387	-	-	2,468,387	2,219,758
Unrealized (Loss) in Beneficial Interest in Greater Cincinnati Foundation	<u>-</u>	<u>-</u>	<u>(187)</u>	<u>(187)</u>	<u>(249)</u>
Change in Net Assets	889,717	(11,757)	130,436	1,008,396	310,838
<b>NET ASSETS – Beginning of Year</b>	<u>1,700,145</u>	<u>1,256,796</u>	<u>277,393</u>	<u>3,234,334</u>	<u>2,923,496</u>
<b>NET ASSETS – End of Year</b>	<u>2,589,862</u>	<u>1,245,039</u>	<u>407,829</u>	<u>4,242,730</u>	<u>3,234,334</u>

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

**PROKIDS**

**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31,

	<u>2016</u>	<u>2015</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,008,396	\$ 310,838
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	17,339	16,465
Unrealized Loss on Beneficial Interest in GCF	187	249
Net Realized & Unrealized (Gain) Loss on Investments	(144,781)	64,387
Decrease in Unconditional Promises to Give	11,757	29,240
(Increase) Decrease in Prepaid Expenses	(1,608)	787
(Increase) in Accounts Receivable	(1,169)	(515)
Decrease in Deposits	0	1,000
Increase in Accounts Payable and Accrued Expenses	3,611	2,343
Increase in Vacation Accrual	16,758	2,744
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>910,490</u>	<u>427,538</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Increase) of Investment Costs	(713,534)	(985,680)
Purchase of Property and Equipment	(19,040)	(15,012)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<u>(732,574)</u>	<u>(1,000,692)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	177,916	(573,154)
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>179,233</u>	<u>752,387</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>357,149</u>	<u>179,233</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
<b>IN-KIND CONTRIBUTIONS:</b>		
Stock	78,348	41,376
Furniture	<u>0</u>	<u>4,000</u>
<b>TOTAL NON-CASH INVESTING AND FINANCING ACTIVITIES</b>	<u>78,348</u>	<u>45,376</u>

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

**PROKIDS**

**STATEMENTS OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2016  
(With Summarized Financial Information for the Year Ended December 31, 2015)

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>			<u>2016</u>	<u>2015</u>
	<u>VOCA</u>	<u>OPERATING</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT &amp; GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL SUPPORT SERVICES</u>		
Bank Fees	\$ -	\$ 10,387	\$ 10,387	\$ -	\$ -	\$ -	\$ 10,387	\$ 8,083
Client Needs	-	7,864	7,864	-	-	-	7,864	23,924
Computer Consulting	-	3,155	3,155	-	-	-	3,155	0
Contract Services	-	-	-	-	-	-	-	1,340
Depreciation	-	12,692	12,692	1,623	3,024	4,647	17,339	16,465
Donated Services	-	624,469	624,469	7,000	-	7,000	631,469	598,035
Dues, Subscriptions and Fees	-	4,316	4,316	-	-	-	4,316	4,546
Employee Expense	-	1,385	1,385	-	-	-	1,385	189
Fund Raising Expenses	-	-	-	-	5,758	5,758	5,758	4,857
Insurance – General	-	4,810	4,810	615	1,146	1,761	6,571	6,111
Insurance – Health	7,711	93,224	100,935	11,919	22,212	34,131	135,066	104,361
Marketing	-	6,006	6,006	-	6,058	6,058	12,064	27,983
Miscellaneous	-	2,596	2,596	4,724	720	5,444	8,040	5,641
Outside Payroll Services	-	2,344	2,344	300	558	858	3,202	2,929
Payroll Taxes	6,039	73,252	79,291	9,365	17,453	26,818	106,109	88,802
PKYP Expense	-	4,716	4,716	-	-	-	4,716	8,712
Postage	-	2,821	2,821	-	-	-	2,821	4,425
Printing and Publication	-	5,715	5,715	-	8,315	8,315	14,030	15,527
Professional Services	-	10,502	10,502	8,950	-	8,950	19,452	14,493
Rent	7,668	14,951	22,619	2,892	5,389	8,281	30,900	28,817
Repairs and Maintenance	-	13,939	13,939	1,782	3,321	5,103	19,042	24,546
Salaries	73,469	902,600	976,069	115,398	215,058	330,456	1,306,525	1,113,407
Security	-	3,373	3,373	431	804	1,235	4,608	339
Staff Education Expense	-	9,360	9,360	-	-	-	9,360	6,781
Staff Mileage and Travel	10,372	13,302	23,674	-	-	-	23,674	20,820
Supplies	-	7,407	7,407	-	-	-	7,407	9,519
Technology	-	2,143	2,143	-	-	-	2,143	2,841
Telephone	4,860	4,404	9,264	1,184	2,207	3,391	12,655	10,024
Utilities	-	6,877	6,877	879	1,639	2,518	9,395	9,798
Virtual Academy	-	900	900	-	-	-	900	2,076
Volunteer Expenses	-	36,740	36,740	2,111	4,148	6,259	42,999	47,102
Workers' Compensation	287	3,476	3,763	444	828	1,272	5,035	7,265
<b>TOTAL</b>	<b>110,406</b>	<b>1,889,726</b>	<b>2,000,132</b>	<b>169,617</b>	<b>298,638</b>	<b>468,255</b>	<b>2,468,387</b>	<b>2,219,758</b>

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

# PROKIDS

## NOTES TO FINANCIAL STATEMENTS

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### 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 \$17,339, and \$16,465, for fiscal years 2016, and 2015, 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

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#### **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 2016. 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, 2016, ProKids had revenue totaling \$100,375.

#### 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:

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>2016</u>	<u>2015</u>
Software	\$ 12,345	\$ 10,624
Furniture	26,609	18,371
Equipment	<u>85,741</u>	<u>78,946</u>
<b>TOTAL COSTS</b>	124,695	107,941
Less: Accumulated Depreciation	<u>106,824</u>	<u>89,486</u>
<b>NET FIXED ASSETS</b>	<u>17,871</u>	<u>18,455</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 2016 and 2015.

**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	\$ 16,200	\$ -
Custodial Services	4,356	-
Tote Bags	1,924	-
Advertising	73,112	-
Storage Unit	2,079	-
Printing	625	-
Volunteer Services	514,125	-
Website Design and Hosting	2,573	-
Video Production and Design	6,325	-
Catering	1,150	-
Furniture	2,000	-
Accounting Services	-	7,000
<b>TOTAL</b>	<u>624,469</u>	<u>7,000</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 22,363 were provided in 2016. The estimated value of volunteer time is \$22.99 per hour (per [www.independentsector.org](http://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)
Money Market	\$ 3,860	\$ 3,860	\$ 0
Exchange Traded Funds	856,273	911,481	55,208
Mutual Funds	1,771,945	1,784,405	12,460
Equity Securities	21,956	32,821	10,865
<b>TOTALS</b>	<u>2,654,034</u>	<u>2,732,567</u>	<u>78,533</u>

## PROKIDS

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

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**Note 9 – Prepaid Expenses**

As of December 31, prepaid expenses were composed of:

	<u>2016</u>	<u>2015</u>
General Insurance	\$ 554	\$ 505
Service Contracts	1,396	1,363
State Unemployment	3,150	3,638
Rent	<u>2,014</u>	<u>0</u>
<b>TOTAL</b>	<u><u>7,114</u></u>	<u><u>5,506</u></u>

**Note 10 – Promises to Give**

Unconditional Promises to Give consist of the following:

	<u>2016</u>	<u>2015</u>
Friends of Children Society	\$ 1,144,764	\$ 1,151,796
United Way	<u>100,275</u>	<u>105,000</u>
<b>TOTAL</b>	<u><u>1,245,039</u></u>	<u><u>1,256,796</u></u>

Amounts Due in:

Less Than one Year	289,344	313,053
One to Five Years	891,386	864,587
More than Five Years	<u>64,309</u>	<u>79,156</u>
<b>TOTAL</b>	<u><u>1,245,039</u></u>	<u><u>1,256,796</u></u>

The present value of cash flows from recorded Friends of Children Society is discounted for 92.23% expected collectability and using a 1.83% rate of interest. Without discounting, the stated value of recorded Promises to Give is \$1,405,940, and \$1,275,525 for fiscal years 2016, and 2015, 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 7, 2017, 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.