

**PROKIDS**  
**ANNUAL REPORT**  
**DECEMBER 31, 2011**

**PROKIDS**

**TABLE OF CONTENTS**

December 31, 2011

\*\*\*\*\*

<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

\*\*\*\*\*

## INDEPENDENT AUDITOR'S REPORT

To The Board of  
Directors of ProKids  
Cincinnati, Ohio

We have audited the accompanying Statements of Financial Position of ProKids (a nonprofit organization) as of December 31, 2011 and 2010 and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended. These financial statements are the responsibility of the organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Cincinnati, Ohio

April 23, 2012

# PROKIDS

## STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

---

---

### ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and Cash Equivalents	\$ 722,814	\$ 715,891
Accounts Receivable	19,463	0
Unconditional Promises to Give	700,005	709,674
Prepaid Expenses	4,699	5,141
Deposit - Rent	1,283	1,283
- Bureau of Workers' Compensation	1,000	1,000
- Other	<u>320</u>	<u>2,120</u>
Total Current Assets	1,449,584	1,435,109
Investments	391,929	385,686
Property and Equipment At Cost (Net of accumulated depreciation of \$45,454 and \$39,915)	12,988	16,252
Beneficial Interest in Greater Cincinnati Foundation	<u>11,696</u>	<u>11,824</u>
<b>TOTAL ASSETS</b>	<u><b>1,866,197</b></u>	<u><b>1,848,871</b></u>

### LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Expenses	18,969	17,643
Vacation Accrual	<u>53,188</u>	<u>50,881</u>
Total Current Liabilities	<u>72,157</u>	<u>68,524</u>
Net Assets		
Unrestricted	1,082,339	1,056,820
Temporarily Restricted	700,005	711,702
Permanently Restricted	<u>11,696</u>	<u>11,825</u>
Total Net Assets	<u>1,794,040</u>	<u>1,780,347</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>1,866,197</b></u>	<u><b>1,848,871</b></u>

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

# PROKIDS

## STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2011  
(With Comparative Totals as of December 31, 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>					
Contributions, Grants and Fundraising	\$ 468,079	\$ 1,038	\$ -	\$ 469,117	\$ 442,364
Donated Services	425,175	-	-	425,175	433,824
Sponsorship	30,000	-	-	30,000	20,000
Government Grants	79,362	-	-	79,362	83,398
United Way & Community Chest	-	103,400	-	103,400	110,000
Net Unrealized and Realized (Loss) Gain on Long Term Investments	(7,744)	-	-	(7,744)	25,490
Interest & Dividends	13,629	-	-	13,629	16,637
Run for Kids, Net of Expenses Totaling \$2,220 Auction	16,811 150	-	-	16,811 150	13,565 22,872
Friends of Children Society, Net of Expenses Totaling \$15,613	109,381	273,881	-	383,262	260,974
Other	10,085	-	-	10,085	4,115
Net Assets Released from Restrictions: Satisfaction of Purpose and Time Restrictions	<u>390,016</u>	<u>(390,016)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues, Gains, and Other Support</b>	<b><u>1,534,944</u></b>	<b><u>(11,697)</u></b>	<b><u>-</u></b>	<b><u>1,523,247</u></b>	<b><u>1,433,239</u></b>
<b>EXPENSES</b>					
Program Services					
Fostering Futures	31,502	-	-	31,502	43,497
Victims of Crime Act (VOCA)	84,540	-	-	84,540	71,609
State Victims Assistance Act	0	-	-	0	10,434
Operating	<u>1,036,460</u>	<u>-</u>	<u>-</u>	<u>1,036,460</u>	<u>935,117</u>
<b>Total Program Services</b>	<b><u>1,152,502</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,152,502</u></b>	<b><u>1,060,657</u></b>
Support Services					
Management & General	114,843	-	-	114,843	81,509
Fund Raising	<u>242,080</u>	<u>-</u>	<u>-</u>	<u>242,080</u>	<u>233,212</u>
<b>Total Support Services</b>	<b><u>356,923</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>356,923</u></b>	<b><u>314,721</u></b>
<b>Total Expenses</b>	<b>1,509,425</b>	<b>-</b>	<b>-</b>	<b>1,509,425</b>	<b>1,375,378</b>
Unrealized (Loss) Gain in Beneficial Interest in Greater Cincinnati Foundation	<u>-</u>	<u>-</u>	<u>(129)</u>	<u>(129)</u>	<u>128</u>
<b>Change in Net Assets</b>	<b>25,519</b>	<b>(11,697)</b>	<b>(129)</b>	<b>13,693</b>	<b>57,989</b>
<b>NET ASSETS – Beginning of Year</b>	<b><u>1,056,820</u></b>	<b><u>711,702</u></b>	<b><u>11,825</u></b>	<b><u>1,780,347</u></b>	<b><u>1,722,358</u></b>
<b>NET ASSETS – End of Year</b>	<b><u>1,082,339</u></b>	<b><u>700,005</u></b>	<b><u>11,696</u></b>	<b><u>1,794,040</u></b>	<b><u>1,780,347</u></b>

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

# PROKIDS

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 13,693	\$ 57,989
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	5,539	5,532
Unrealized Loss (Gain) on Beneficial Interest in GCF	128	(128)
Net Realized & Unrealized Loss (Gain) on Investments	7,744	(25,490)
Decrease in Unconditional Promises to Give	9,669	77,070
Decrease in Prepaid Expenses	442	6,574
(Increase) Decrease in Accounts Receivable	(19,463)	3,225
Decrease (Increase) in Deposits	1,800	(1,800)
Increase in Accounts Payable and Accrued Expenses	1,326	12,076
Increase (Decrease) in Vacation Accrual	<u>2,307</u>	<u>(15,406)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>23,185</u>	<u>119,642</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Increase) of Investment Cost	(13,987)	(18,856)
Purchase of Property and Equipment	<u>(2,275)</u>	<u>(4,375)</u>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<u>(16,262)</u>	<u>(23,231)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	6,923	96,411
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>715,891</u>	<u>619,480</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u><u>722,814</u></u>	<u><u>715,891</u></u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
<b>IN-KIND CONTRIBUTIONS:</b>		
Stock	<u>21,113</u>	<u>42,084</u>
<b>TOTAL NON-CASH INVESTING AND FINANCING ACTIVITIES</b>	<u><u>21,113</u></u>	<u><u>42,084</u></u>

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

**PROKIDS**

**STATEMENTS OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2011

(With Summarized Financial Information for the Year Ended December 31, 2010)

	<u>PROGRAM SERVICES</u>				<u>SUPPORT SERVICES</u>			<u>2011 TOTAL</u>	<u>2010 TOTAL</u>
	<u>FOSTERING FUTURES</u>	<u>VOCA</u>	<u>OPERATING</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGE- MENT &amp; GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL SUPPORT SERVICES</u>		
Salaries	\$ 23,160	\$ 62,312	\$ 433,296	\$ 518,768	\$ 77,587	\$ 147,782	\$ 225,369	\$ 744,137	\$ 658,501
Payroll Taxes	1,813	5,098	34,679	41,590	6,209	11,828	18,037	59,627	52,240
Workers' Compensation	361	1,015	6,993	8,369	1,252	2,385	3,637	12,006	9,282
Insurance - Health	2,078	5,840	40,223	48,141	7,202	13,719	20,921	69,062	63,576
Outside Payroll Services	-	-	1,570	1,570	281	535	816	2,386	2,925
Client Needs	-	-	2,254	2,254	-	-	-	2,254	3,789
Professional Services	-	-	-	-	6,500	-	6,500	6,500	6,250
Supplies	19	-	6,844	6,863	-	640	640	7,503	6,259
Telephone	-	-	5,452	5,452	976	1,860	2,836	8,288	8,053
Postage	-	-	1,229	1,229	-	-	-	1,229	516
Rent	-	-	15,426	15,426	2,762	5,262	8,024	23,450	19,500
Utilities	-	-	7,507	7,507	1,344	2,560	3,904	11,411	10,461
Repair and Maintenance	-	-	9,366	9,366	1,677	3,194	4,871	14,237	13,617
Staff Mileage and Travel	4,071	10,275	7,315	21,661	-	-	-	21,661	13,626
Staff Education and Expense	-	-	4,778	4,778	-	14,000	14,000	18,778	2,109
Dues, Subscriptions and Fees	-	-	3,175	3,175	-	-	-	3,175	3,274
Depreciation	-	-	3,644	3,644	652	1,243	1,895	5,539	5,532
Insurance - General	-	-	3,125	3,125	560	1,066	1,626	4,751	4,981
Donated Services	-	-	420,375	420,375	4,800	-	4,800	425,175	433,824
Miscellaneous	-	-	4,436	4,436	-	260	260	4,696	3,174
Printing and Publications	-	-	5,711	5,711	-	10,146	10,146	15,857	6,849
Volunteer Expenses	-	-	14,886	14,886	-	-	-	14,886	16,163
Marketing	-	-	1,431	1,431	-	25,546	25,546	26,977	23,022
Security	-	-	157	157	28	54	82	239	239
Bank Fees	-	-	-	-	3,013	-	3,013	3,013	2,621
Technology	-	-	2,588	2,588	-	-	-	2,588	4,995
<b>TOTAL</b>	<u>31,502</u>	<u>84,540</u>	<u>1,036,460</u>	<u>1,152,502</u>	<u>114,843</u>	<u>242,080</u>	<u>356,923</u>	<u>1,509,425</u>	<u>1,375,378</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

#### 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) In-Kind Contributions - 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 2011. 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, 2011, ProKids had revenue totaling \$103,400.

### Note 3 - Leases

ProKids leases office space and equipment under non-cancelable operating leases expiring in various years through 2015. The minimum rental under all leases having an initial or remaining term in excess of one year from December 31, 2011 is approximated as follows:

Year Ending December 31, 2012	\$ 28,310
2013	28,266
2014	7,100
2015	<u>2,064</u>
	<u>65,740</u>

### Note 4 - Property And Equipment

Property and Equipment consists of the following:

	2011	2010
Software	\$ 4,056	\$ 4,056
Furniture	11,513	11,513
Equipment	<u>42,873</u>	<u>40,598</u>
<b>TOTAL COSTS</b>	58,442	56,167
Less: Accumulated Depreciation	<u>45,454</u>	<u>39,915</u>
<b>NET FIXED ASSETS</b>	<u>12,988</u>	<u>16,252</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 2011 and 2010.

#### 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, 2011 are as follows:

	<u>Program</u>	<u>Support</u>
Custodial Services	\$ 3,141	
CASA Services	339,924	
Accounting Services		\$ 4,800
Software	1,530	
Advertising	65,520	
Parking	10,260	
<b>TOTAL</b>	<u>420,375</u>	<u>4,800</u>

#### Note 6 - Donated Services - continued

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 of 15,600 were provided in 2011. The estimated value of volunteer time is \$21.79 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. Employee contributions were overpaid in 2011 resulting in an overpayment to the plan of \$19,463 which is recorded as a receivable on the books. A portion of the overpayment was refunded to the Organization for an employee no longer with the Organization. The remainder of the receivable was retained by Fidelity and applied as a credit against required contributions for 2012.

#### Note 8 - Investments

Investments as of December 31, 2011 are summarized as follows:

	<b>COST</b>	<b>FAIR VALUE</b>	<b>CARRYING VALUE</b>
Unrestricted:			
American Capital Income Builder Inc. CI A	\$ 90,028	\$ 89,420	\$ 89,420
American Europacific Growth Fund CI A	29,632	26,450	26,450
American Income Fund of America Inc. CI A	128,778	118,809	118,809
Victory Established Value Class R	85,701	78,397	78,397
Vanguard Star Portfolio	49,723	57,849	57,849
314.854 Shares Procter & Gamble Co.	17,591	21,004	21,004
<b>TOTALS</b>	<u>401,453</u>	<u>391,929</u>	<u>391,929</u>

## PROKIDS

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

---

#### Note 9 – Prepaid Expenses

As of December 31, 2011, prepaid expenses were composed of:

General Insurance	\$ 344
Service Contracts	150
Maintenance	628
State Unemployment	<u>3,577</u>
<b>TOTAL</b>	<u><u>4,699</u></u>

#### Note 10 – Promises To Give

Unconditional Promises to Give consist of the following:

Friends of Children Society	\$ 593,305
United Way	<u>106,700</u>
<b>TOTAL</b>	<u><u>700,005</u></u>

Amounts Due in:

Less Than one Year	242,812
One to Five Years	398,294
More than Five Years	<u>58,899</u>
<b>TOTAL</b>	<u><u>700,005</u></u>

The present value of cash flows from recorded Friends of Children Society is discounted for 95% expected collectability and using a .875% rate of interest. Without discounting, the stated value of recorded Promises to Give is \$777,890.

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 April 23, 2012, 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.