

Institute for Public Relations

Financial Statements
And
Independent Auditors' Report

December 31, 2011 and 2010

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Kattell and Company, P.L.

Serving the Nonprofit Community

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Institute for Public Relations

We have audited the accompanying statements of financial position of the Institute for Public Relations 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 audits 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 the Institute for Public Relations 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.

As discussed in Note 1 to the financial statements, the Institute for Public Relations shifted its programmatic emphasis more toward research in 2011. In a related matter, the Institute contributed the net assets attributable to one of the Institute's programs to a new educational organization established to conduct the program.

Kattell and Company, P.L.

March 21, 2012
Gainesville, Florida

"Not everything that counts can be counted, and not everything that can be counted counts."

- Albert Einstein

Statements of Financial Position
December 31, 2011 and 2010
Institute for Public Relations

	<u>2011</u>	<u>2010</u>
Assets		
Cash	\$ 154,254	\$ 184,292
Certificates of Deposit	--	36,436
Contributions Receivable	65,526	58,800
Deposits – Events	--	1,000
Fixed Assets:		
Office Equipment	15,479	15,479
Less: Accumulated Depreciation	<u>(14,669)</u>	<u>(11,709)</u>
Net Fixed Assets	<u>810</u>	<u>3,770</u>
Total Assets	<u>\$ 220,590</u>	<u>\$ 284,298</u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 1,399	\$ 2,102
Deferred Revenue	<u>--</u>	<u>54,395</u>
Total Liabilities	1,399	56,497
Net Assets:		
Temporarily Restricted	22,250	11,455
Unrestricted		
Designated for IPRRC	--	77,979
Undesignated	<u>196,941</u>	<u>138,367</u>
Total Unrestricted	<u>196,941</u>	<u>216,346</u>
Total Net Assets	<u>219,191</u>	<u>227,801</u>
Total Liabilities and Net Assets	<u>\$ 220,590</u>	<u>\$ 284,298</u>

See accompanying notes.

Statements of Activities
For the Years Ended December 31, 2011 and 2010
Institute for Public Relations

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue:						
Contributions:						
General	\$ 205,386	18,500	\$ 223,886	\$ 180,601	\$ 26,246	\$ 206,847
In-Kind	58,080	--	58,080	75,342	--	75,342
Total Contributions	<u>263,466</u>	<u>18,500</u>	<u>281,966</u>	<u>255,943</u>	<u>26,246</u>	<u>282,189</u>
Event Income:						
Registration Fees & Sponsorships	436,945	--	436,945	487,659	--	487,659
In-Kind Contributions	6,100	--	6,100	--	--	--
Total Event Income	<u>443,045</u>	<u>--</u>	<u>443,045</u>	<u>487,659</u>	<u>--</u>	<u>487,659</u>
Interest and Investment Income	76	--	76	345	--	345
Reclassifications	7,705	(7,705)	--	24,791	(24,791)	--
Total Revenues	<u>714,292</u>	<u>10,795</u>	<u>725,087</u>	<u>768,738</u>	<u>1,455</u>	<u>770,193</u>
Expenses:						
Program:						
Research	264,370	--	264,370	107,342	--	107,342
Educational Programs	376,830	--	376,830	504,305	--	504,305
Total Program	<u>641,200</u>	<u>--</u>	<u>641,200</u>	<u>611,647</u>	<u>--</u>	<u>611,647</u>
Management and General	52,356	--	52,356	119,198	--	119,198
Fundraising	40,141	--	40,141	45,785	--	45,785
Total Expenses	<u>733,697</u>	<u>--</u>	<u>733,697</u>	<u>776,630</u>	<u>--</u>	<u>776,630</u>
Change in Net Assets	(19,405)	10,795	(8,610)	(7,892)	1,455	(6,437)
Net Assets, Beginning of Year	<u>216,346</u>	<u>11,455</u>	<u>227,801</u>	<u>224,238</u>	<u>10,000</u>	<u>234,238</u>
Net Assets, End of Year	<u>\$ 196,941</u>	<u>\$ 22,250</u>	<u>\$ 219,191</u>	<u>\$ 216,346</u>	<u>\$ 11,455</u>	<u>\$ 227,801</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2011
Institute for Public Relations

	Program		Support		Total
	Research	Education	Management And General	Fund Raising	
Accounting	\$ --	\$ --	\$ 17,928	\$ --	\$ 17,928
Awards	14,481	--	--	--	14,481
Bank and Merchant Fees	181	108	43	29	361
Conference Fees	2,258	1,355	542	360	4,515
Depreciation	1,480	888	355	237	2,960
Dues and Subscriptions	373	224	89	59	745
Fees	357	214	86	57	714
Forum Director Fees	--	30,000	--	--	30,000
Insurance	1,803	1,082	433	288	3,606
Meeting/Event Costs	--	203,993	--	--	203,993
Office Supplies	2,750	1,650	660	439	5,499
Payroll Expenses	103,563	62,138	24,855	16,570	207,126
Postage and Delivery	720	432	173	115	1,440
Printing and Reproduction	57	34	14	9	114
Professional Services	8,344	5,006	2,815	19,070	35,235
Program Profit Sharing	--	34,832	--	--	34,832
Rent	7,040	4,224	1,690	1,126	14,080
Research Projects	69,879	--	--	--	69,879
Software	1,594	956	382	255	3,187
Telephone	974	584	234	156	1,948
Travel	8,573	5,144	2,057	1,371	17,145
Web Site	39,943	23,966	--	--	63,909
Total Expenses	\$ 264,370	\$ 376,830	\$ 52,356	\$ 40,141	\$ 733,697

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2010
Institute for Public Relations

	Program		Support		Total
	<u>Research</u>	<u>Education</u>	<u>Management And General</u>	<u>Fund Raising</u>	
Accounting	\$ --	\$ --	\$ 15,600	\$ --	\$ 15,600
Awards	19,895	--	--	--	19,895
Bank Service Charges	--	124	97	--	221
Conference Fees	1,267	2,534	--	422	4,223
Credit Card Merchant Fees	--	8,304	1,688	--	9,992
Depreciation	382	764	383	209	1,738
Dues and Subscriptions	679	1,358	679	372	3,088
Fees	--	--	921	--	921
Forum Director Fees	--	50,000	--	--	50,000
Insurance	1,542	3,084	1,542	841	7,009
Meeting/Event Costs	--	235,596	2,956	--	238,552
Office Supplies	1,255	2,510	1,255	684	5,704
Payroll Expenses	60,660	121,320	60,660	33,086	275,726
Postage and Delivery	--	1,737	549	299	2,585
Printing and Reproduction	--	1,178	549	236	1,963
Professional Services	--	1,875	320	--	2,195
Program Profit Sharing	--	38,547	--	--	38,547
Rent	3,098	6,196	3,098	1,688	14,080
Research Projects	4,000	--	--	--	4,000
Software	--	50	4,617	--	4,667
Telephone	667	1,334	667	366	3,034
Travel	--	--	9,720	--	9,720
Web Site	13,897	27,794	13,897	7,582	63,170
Total Expenses	\$ 107,342	\$ 504,305	\$ 119,198	\$ 45,785	\$ 776,630

See accompanying notes.

Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010
Institute for Public Relations

	<u>2011</u>	<u>2010</u>
Operating Activities:		
Receipts:		
Contributions	\$ 217,160	\$ 180,998
Event Receipts	382,550	459,804
Other Receipts	76	345
Total Receipts	<u>599,786</u>	<u>641,147</u>
Cash Disbursements	<u>(666,260)</u>	<u>(696,449)</u>
Net Cash Used in Operating Activities	(66,474)	(55,302)
Investing Activities:		
Redemptions of Certificates of Deposit	<u>36,436</u>	<u>35,612</u>
Net Cash Provided by Investing Activities	36,436	35,612
Net Change in Cash	(30,038)	(19,690)
Cash, Beginning of Year	<u>184,292</u>	<u>203,982</u>
Cash, End of Year	<u>\$ 154,254</u>	<u>\$ 184,292</u>

Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities

Change in Net Assets	\$ (8,610)	\$ (6,437)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	2,960	1,738
Changes in:		
Contributions Receivable	(6,726)	(25,850)
Deposits – Events	1,000	1,000
Accounts Payable	(703)	2,102
Deferred Revenue	<u>(54,395)</u>	<u>(27,855)</u>
Net Cash Provided by Operating Activities	<u>\$ (66,474)</u>	<u>\$ (55,302)</u>

See accompanying notes.

Notes to the Financial Statements
December 31, 2011 and 2010
Institute for Public Relations

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Institute for Public Relations have been prepared on the accrual basis of accounting. Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Organization and Operations

The Institute for Public Relations is a non profit organization incorporated as The Foundation for Public Relations Research and Education doing business as The Institute for Public Relations (the Institute). The Institute is focused on the science beneath the art of public relations. It exists to expand and document research-based knowledge in public relations, and to make this knowledge available and useful to all practitioners, educators, researchers and the clients they serve. The Institute operates exclusively for charitable purposes.

In 2011, the Institute undertook a strategic redirection to put greater emphasis on the research element of its mission. The educational element of its mission will continue, but the mix of events undertaken by the Institute may change. In a related matter, the International Public Relations Research Conference (IPRRC), a longstanding program of the Institute, incorporated and obtained exempt status during 2011. The Board of the Institute donated \$69,282 to IPRRC, which is the amount in the accounts designated for IPRRC. The contribution is reported in the statement of activities for the year ended December 31, 2011 as a research expense. Changes in net assets and research expenses for the year ended December 31, 2011 should be considered with this unusual expense in mind.

Tax Exemption

The Institute is exempt from income taxes according to provisions of Section 501(c)(3) of the Internal Revenue Code. The Institute has not earned any unrelated business taxable income; therefore, no provision for federal income taxes is reported. In addition, the Institute has been classified by the Internal Revenue Service as an organization that is not a private foundation and qualifies for the charitable contribution deduction. The Institute holds no uncertain tax positions and, therefore, has no policy for evaluating them. The Institute's Form 990, *Return of Organization Exempt from Income Taxes*, is subject to examination by the IRS, generally for 4 years after the date filed.

Cash

Cash consists of deposits in financial institutions and one investment in a money market mutual fund. The investment in the mutual fund is reported at fair value. According the fund's prospectus, the fund invests only in high quality short term money market instruments, including certificates of deposit, banker's acceptances, commercial paper and other money market securities.

Certificates of Deposit

Certificates of deposit are recorded at cost which approximates fair value. All certificates of deposit mature within the next calendar year.

Contributions Receivable

The Institute records contributions receivable at net realizable value using the allowance method, however no allowance is recorded since all amounts are considered fully collectable. There are no identifiable concentrations of credit risk related to these amounts.

Notes to the Financial Statements
December 31, 2011 and 2010
Institute for Public Relations

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Fixed Assets

The Institute capitalizes office equipment costing more than \$500. Depreciation of office equipment is computed using the straight-line method over estimated useful lives of five years.

Revenue Recognition

Registration Fees. Registration fees for certain programs and events are earned when the event is held. Registration fees received before the event are reported as deferred revenue in current liabilities.

Contributions – General. Contributions received are measured at their fair values and are reported as an increase in net assets.

Contributions – Restrictions. The Institute reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same fiscal year are reported as unrestricted support.

Contributions – Services. The Institute recognizes certain contributed services as revenue and expense if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. See Note 8 for more details. The Institute also receives services from board members and other volunteers whose contributions are central to its mission. However, these services do not meet all of the criteria for recognition in financial statements.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The Institute assigns many expenses directly to the benefited function. The Institute uses a reasonable method of allocating expenses relating to more than one functional category. Program services include the expenses of conferences and research and education projects, as well as an allocation of salaries and staff support expenses. Fundraising expenses include an allocation of salaries and supporting expenses as well as direct fundraising expenses. Management and general expenses include all activities required to conduct the affairs of the Institute which are not allocable to other functional areas.

Advertising Costs

Advertising costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Prior Year Information

Certain prior year information may be presented differently in order to conform to the current year presentation.

Notes to the Financial Statements
December 31, 2011 and 2010
Institute for Public Relations

NOTE 2 – RETIREMENT PLAN

The Institute offers a retirement plan covering all employees. The Institute provides up to 3% of salary as a match for employee contributions to the plan. The Institute’s contribution to the plan was \$5,575 and \$6,119 in 2011 and 2010, respectively.

NOTE 3 – CONCENTRATIONS

The Institute holds deposits of cash and certificates of deposit in two separate financial institutions. These amounts do not exceed Federal Deposit Insurance Corporation (FDIC) limits for the years ended December 31, 2011 and 2010.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Institute paid \$37,500 and \$50,000 in 2011 and 2010, respectively, for educational program services provided by two board members.

NOTE 5 – NET ASSETS

Temporarily restricted net assets consist of cash donations restricted to the following:

	2011	2010
Operations of the Subsequent Year	\$ 1,250	\$ 6,455
Research Projects	<u>21,000</u>	<u>5,000</u>
Totals	<u>\$ 22,250</u>	<u>\$ 11,455</u>

Designated net assets represent the accumulated excess of receipts over disbursements related to the International Public Relations Research Conference (IPRRC). During 2011, the Institute disbursed the designated funds to IPRRC, which are identified on the Statement of Functional Expenses as “Research Projects.” As of December 31, 2011, there were no designated funds.

NOTE 6 – EVENTS

The following tables display the receipts and disbursements of the Institute’s events:

	<u>Receipts</u>	Direct <u>Disbursements</u>	Profit <u>Sharing</u>	<u>Net</u>
	2011			
Education and Industry Affairs:				
International Public Relations Research Conference	\$ 89,216	\$ 97,765	--	\$ (8,549)
Educational Programs:				
P.R. Leadership Forum – One	62,150	27,383	11,180	23,587
P.R. Leadership Forum – Two	54,050	24,246	15,354	14,450
New York Lecture	120,080	39,011	--	81,069
Summit on Measurement	47,476	18,293	--	29,183
European Colloquium	45,073	25,337	--	19,736
Strategic Summit	<u>35,000</u>	<u>1,012</u>	<u>8,298</u>	<u>25,690</u>
Totals	<u>\$ 453,045</u>	<u>\$ 233,047</u>	<u>\$ 34,832</u>	<u>\$ 185,166</u>

This Note reports a \$10,000 sponsorship for the 2011 New York Lecture as a receipt in 2011. However, the Statements of Activities reflect that receipt as revenue in 2010 since the funds were received from the sponsor in 2010.

Notes to the Financial Statements
December 31, 2011 and 2010
Institute for Public Relations

NOTE 6 – EVENTS (concluded)

	<u>Receipts</u>	<u>Direct Disbursements</u>	<u>Profit Sharing</u>	<u>Net</u>
	2010			
Education and Industry Affairs:				
International Public Relations				
Research Conference	\$ 91,950	\$ 70,868	\$ --	\$ 21,082
Educational Programs:				
P.R. Executive Forum	48,900	24,449	8,558	15,893
P.R. Leadership Forum - February	58,850	31,373	10,560	16,917
P.R. Leadership Forum - Two	50,700	25,866	11,485	13,349
New York Lecture	98,789	46,518	--	52,271
Summit on Measurement	70,050	51,065	--	18,985
Grunig Lecture	8,475	25	--	8,450
European Colloquium	34,945	30,280	--	4,665
Strategic Summit	15,000	1,107	7,944	5,949
Totals	<u>\$477,659</u>	<u>\$281,551</u>	<u>\$ 38,547</u>	<u>\$ 157,561</u>

NOTE 7– IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following:

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
	2011			
Services	\$ 44,000	\$ --	\$ --	\$ 44,000
Rent	11,264	1,690	1,126	14,080
Miscellaneous	6,100	--	--	6,100
Totals	<u>\$ 61,364</u>	<u>\$ 1,690</u>	<u>\$ 1,126</u>	<u>\$ 64,180</u>
	2010			
Services	\$ 34,320	\$ 11,440	\$ 6,240	\$ 52,000
Rent	9,293	3,098	1,689	14,080
Miscellaneous	6,113	2,038	1,111	9,262
Totals	<u>\$ 49,726</u>	<u>\$ 16,576</u>	<u>\$ 9,040</u>	<u>\$ 75,342</u>

NOTE 8 – SUBSEQUENT EVENTS

The Institute has evaluated events and transactions for potential recognition or disclosure through March 21, 2012, which is the date the financial statements were available to be issued.