

Institute for Public Relations

Financial Statements
And
Independent Auditors' Report

December 31, 2014 and 2013

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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

Report on the Financial Statements

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

Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 the Institute for Public Relations 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.

Kattell and Company, P.L.

April 7, 2015
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, 2014 and 2013
Institute for Public Relations

Assets	<u>2014</u>	<u>2013</u>
Cash	\$ 538,278	\$ 542,132
Contributions Receivable	98,000	16,000
Accounts Receivable	12,450	9,400
Prepaid Expenses	<u>4,000</u>	<u>4,000</u>
Total Assets	<u>\$ 652,728</u>	<u>\$ 571,532</u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 43,604	\$ 12,174
Deferred Revenue	<u>5,000</u>	<u>--</u>
Total Liabilities	48,604	12,174
Net Assets:		
Temporarily Restricted	58,695	--
Unrestricted	<u>545,429</u>	<u>559,358</u>
Total Net Assets	<u>604,124</u>	<u>559,358</u>
Total Liabilities and Net Assets	<u>\$ 652,728</u>	<u>\$ 571,532</u>

See accompanying notes.

Statements of Activities
For the Years Ended December 31, 2014 and 2013
Institute for Public Relations

	2014			2013		
	<u>Unrestrict ed</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestrict ed</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:						
Contributions:						
General	\$ 359,288	\$ 70,000	\$ 429,288	\$ 397,595	\$ --	\$ 397,595
In-Kind	264,104	--	264,104	147,180	--	147,180
Total Contributions	<u>623,392</u>	<u>70,000</u>	<u>693,392</u>	<u>544,775</u>	<u>--</u>	<u>544,775</u>
Event Income:						
Registration Fees & Sponsorships	244,709	--	244,709	327,855	--	327,855
In-Kind Contributions	14,900	--	14,900	21,460	--	21,460
Total Event Income	<u>259,609</u>	<u>--</u>	<u>259,609</u>	<u>349,315</u>	<u>--</u>	<u>349,315</u>
Interest and Investment Income	15	--	15	24	--	24
Reclassifications	11,305	(11,305)	--	14,000	(14,000)	--
Total Revenues	894,321	58,695	953,016	908,114	(14,000)	894,114
Expenses:						
Program:						
Research	573,927	--	573,927	351,071	--	351,071
Education	227,888	--	227,888	270,671	--	270,671
Total Program	<u>801,815</u>	<u>--</u>	<u>801,815</u>	<u>621,742</u>	<u>--</u>	<u>621,742</u>
Management and General Fundraising	69,861	--	69,861	56,855	--	56,855
	36,574	--	36,574	30,718	--	30,718
Total Expenses	908,250	--	908,250	709,315	--	709,315
Change in Net Assets	(13,929)	58,695	44,766	198,799	(14,000)	184,799
Net Assets, Beginning of Year	559,358	--	559,358	360,559	14,000	374,559
Net Assets, End of Year	\$ 545,429	\$ 58,695	\$ 604,124	\$ 559,358	\$ --	\$ 559,358

See accompanying notes.

Statements of Functional Expenses
For the Years Ended December 31, 2014 and 2013
Institute for Public Relations

	PROGRAM SERVICES		SUPPORTING ACTIVITIES		
	<u>Research</u>	<u>Education</u>	Management And <u>General</u>	<u>Fund Raising</u>	<u>Total</u>
2014					
Accounting	\$ --	\$ --	\$ 10,000	\$ --	\$ 10,000
Awards	6,859	--	--	--	6,859
Bad Debt	--	--	5,000	--	5,000
Bank and Merchant Fees	2,600	846	499	332	4,277
Conference Fees	1,541	514	308	206	2,569
Dues and Subscriptions	2,687	896	537	358	4,478
Forum Director Fees	--	20,000	--	--	20,000
Insurance	2,354	785	471	314	3,924
Meeting/Event Costs	--	101,444	--	--	101,444
Office Supplies	3,148	927	527	351	4,953
Payroll Expenses	176,876	58,959	35,375	23,583	294,793
Postage and Delivery	376	126	75	50	627
Professional Services	6,902	788	473	316	8,479
Program Profit Sharing	--	14,944	--	--	14,944
Rent	11,448	3,816	2,290	1,526	19,080
Research Projects	283,202	--	--	--	283,202
Software	2,116	706	423	282	3,527
Telephone	1,829	588	353	236	3,006
Travel	24,589	6,749	4,050	2,700	38,088
Web Site	47,400	15,800	9,480	6,320	79,000
Total Expenses	\$ 573,927	\$ 227,888	\$ 69,861	\$ 36,574	\$ 908,250
2013					
Accounting	\$ --	\$ --	\$ 10,780	\$ --	\$ 10,780
Awards	10,460	--	--	--	10,460
Bank and Merchant Fees	1,935	564	202	135	2,836
Conference Fees	2,244	748	449	299	3,740
Depreciation	324	108	65	44	541
Dues and Subscriptions	1,779	593	356	238	2,966
Forum Director Fees	--	20,000	--	--	20,000
Insurance	2,213	738	443	295	3,689
Meeting/Event Costs	--	152,902	--	--	152,902
Office Supplies	3,529	1,122	646	431	5,728
Payroll Expenses	147,519	49,173	29,504	19,669	245,865
Postage and Delivery	306	102	61	41	510
Professional Services	16,108	2,151	545	364	19,168
Program Profit Sharing	--	18,784	--	--	18,784
Rent	8,448	2,816	1,690	1,126	14,080
Research Projects	94,900	--	--	--	94,900
Software	2,363	787	473	315	3,938
Telephone	1,623	530	318	212	2,683
Travel	15,920	5,753	3,044	2,028	26,745
Web Site	41,400	13,800	8,279	5,521	69,000
Total Expenses	\$ 351,071	\$ 270,671	\$ 56,855	\$ 30,718	\$ 709,315

See accompanying notes.

Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013
Institute for Public Relations

	<u>2014</u>	<u>2013</u>
Operating Activities:		
Receipts:		
Contributions	\$ 347,288	\$ 449,095
Event Revenues	246,659	313,455
Other	15	24
Total Receipts	<u>593,962</u>	<u>762,574</u>
Cash Disbursements	<u>(597,816)</u>	<u>(547,349)</u>
Net Cash Used in Operating Activities	(3,854)	215,225
Cash, Beginning of Year	<u>542,132</u>	<u>326,907</u>
Cash, End of Year	<u>\$ 538,278</u>	<u>\$ 542,132</u>

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

Change in Net Assets	\$ 44,766	\$ 184,799
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	--	541
Changes in:		
Contributions Receivable	(82,000)	51,500
Accounts Receivable	(3,050)	(9,400)
Prepaid Expenses	--	(4,000)
Accounts Payable	31,430	(3,215)
Deferred Revenue	<u>5,000</u>	<u>(5,000)</u>
Net Cash Used in Operating Activities	<u>\$ (3,854)</u>	<u>\$ 215,225</u>

See accompanying notes.

Notes to the Financial Statements
December 31, 2014 and 2013
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.

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 three 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 to the fund's prospectus, the fund invests only in high quality short term money market instruments, including certificates of deposit, bankers acceptances, commercial paper and other money market securities.

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. All contributions are expected to be collected within one year.

Fixed Assets

The Institute capitalizes office equipment costing more than \$5,000. Depreciation of office equipment, if any, is computed using the straight-line method over estimated useful lives of five years.

Notes to the Financial Statements
December 31, 2014 and 2013
Institute for Public Relations

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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 7 for more details regarding the services recorded. In addition, the Institute receives services that do not meet all of the criteria for recognition in financial statements. Such services include the governance services of the Board of Directors. Their value is not recognized in these 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.

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, 2014 and 2013
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 \$7,665 and \$6,621 in 2014 and 2013, respectively.

NOTE 3 – CONCENTRATIONS

The Institute holds deposits of cash in three separate financial institutions. At December 31, 2014 and 2013, deposits exceeded the Federal Deposit Insurance Corporation (FDIC) limits by \$195,447 and \$185,007, respectively.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Institute paid \$61,618 and \$33,500 in 2014 and 2013, respectively, for research and educational program services provided by three board members.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted as follows:

	2014
Program Restrictions - Research	\$ 22,695
Time Restrictions - for 2015	36,000
Total	\$ 58,695

NOTE 6 – EVENTS

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

	<u>Receipts</u>	<u>Direct Disbursements</u>	<u>Profit Sharing</u>	<u>Net</u>
	2014			
Educational Programs:				
P.R. Leadership Forum	\$ 86,950	\$ 49,461	\$ 14,944	\$ 22,545
New York Lecture	129,000	42,622	--	86,378
Summit on Measurement	25,659	23,848	--	1,811
Trustees Research Symposium	18,000	4,902	--	13,098
Totals	\$ 259,609	\$ 120,833	\$ 14,944	\$ 123,832
	2013			
Educational Programs:				
P.R. Leadership Forum	\$ 87,400	\$ 48,737	\$ 18,784	\$ 19,879
New York Lecture	127,500	45,422	--	82,078
Summit on Measurement	12,600	15,970	--	(3,370)
International Colloquium	103,815	58,131	--	45,684
Trustees Research Symposium	18,000	6,535	--	11,465
Totals	\$ 349,315	\$ 174,795	\$ 18,784	\$ 155,736

Notes to the Financial Statements
December 31, 2014 and 2013
Institute for Public Relations

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>
	2014			
Meeting/Event Costs	\$ 2,100	\$ --	\$ --	\$ 2,100
Professional Services	3,134	300	200	3,634
Rent	23,840	1,656	1,104	26,600
Research Projects	167,670			167,670
Web Site	63,200	9,480	6,320	79,000
Totals	<u>\$ 259,944</u>	<u>\$ 11,436</u>	<u>\$ 7,624</u>	<u>\$ 279,004</u>
	2013			
Meeting/Event Costs	\$ 4,660	\$ --	\$ --	\$ 4,660
Professional Services	7,800	--	--	7,800
Rent	27,064	1,690	1,126	29,880
Research Projects	57,300	--	--	57,300
Web Site	55,200	8,280	5,520	69,000
Totals	<u>\$ 152,024</u>	<u>\$ 9,970</u>	<u>\$ 6,646</u>	<u>\$ 168,640</u>

NOTE 8 – SUBSEQUENT EVENTS

The Institute has evaluated events and transactions for potential recognition or disclosure through April 7, 2015, which is the date the financial statements were available to be issued. There were no subsequent events which require disclosure.