

INSTITUTE FOR PUBLIC RELATIONS
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2004

Contents

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expense	4
Statement of Cash Flows	5
Notes to Financial Statements	6

Kattell and Company, P.L.

Serving the Nonprofit Community

4055 NW 43rd Street, Suite 28 Gainesville, Florida 32606 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Institute for Public Relations

We have audited the accompanying statement of financial position of the Institute for Public Relations as of December 31, 2004, and the related statements of activities, functional expenses and cash flows for the year 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 audit.

We conducted our audit 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 audit provides 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, 2004 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Kattell and Company P.L.

March 21, 2005
Gainesville, Florida

Statement of Financial Position
December 31, 2004
Institute for Public Relations

Assets	
Current Assets:	
Cash:	
General Checking	\$ 99,932
IPRRC Checking	15,107
Business Investment Account	4,821
Janney Montgomery Scott Investment Money Market	16
Total Cash	119,876
Certificates of Deposit:	
90 Day	11,287
6 Month	28,839
IPRRC 9 Month	30,191
Pathfinder 12 Month	4,895
Total Certificates of Deposit	75,212
Accounts Receivable	1,500
University of Florida Foundation Account	6,077
Total Current Assets	202,665
Fixed Assets:	
Office Equipment	24,768
Less Accumulated Depreciation	(21,853)
Net Fixed Assets	2,915
Total Assets	\$ 205,580

Liabilities and Net Assets	
Liabilities:	
Accounts Payable	\$ 2,944
Deferred Revenue	38,500
Total Current Liabilities	41,444
Net Assets:	
Temporarily Restricted	14,500
Unrestricted:	
Designated for IPRRC	45,298
Undesignated	104,338
Total Unrestricted	149,636
Total Net Assets	164,136
Total Liabilities and Net Assets	\$ 205,580

See accompanying notes.

Statement of Activities
For the Period Ended December 31, 2004
Institute for Public Relations

	Unrestricted	Temporarily Restricted	Total
Revenue			
Contributions:			
General	\$161,583	\$14,500	\$176,083
Year of Jack	22,250	-	22,250
Total Contributions	<u>183,833</u>	<u>14,500</u>	<u>198,333</u>
Event Income:			
International Public Relations			
Research Conference	33,924	-	33,924
Public Relations Executive Forum	69,500	-	69,500
New York Lecture	83,700	-	83,700
London Lecture	34,551	-	34,551
Total Event Income	<u>221,675</u>	<u>-</u>	<u>221,675</u>
Other Programs:			
Golden Ruler	3,900	-	3,900
Public Relations Forum Alumni Session	2,400	-	2,400
Sponsored Research	2,000	-	2,000
Total Other Programs	<u>8,300</u>	<u>-</u>	<u>8,300</u>
Interest Income	671	-	671
Miscellaneous Income	44	-	44
Total Revenues	<u>414,523</u>	<u>14,500</u>	<u>429,023</u>
Expenses:			
Program:			-
Research	68,842	-	68,842
Education	154,939	-	154,939
Education and Industry Affairs	79,646	-	79,646
Total Program	<u>303,427</u>	<u>-</u>	<u>303,427</u>
Management and General	69,579	-	69,579
Fundraising	17,727	-	17,727
Total Expenses	<u>390,733</u>	<u>-</u>	<u>390,733</u>
Change in Net Assets	<u>23,790</u>	<u>14,500</u>	<u>38,290</u>
Net Assets, Beginning	<u>125,846</u>	<u>-</u>	<u>125,846</u>
Net Assets, End	<u>\$149,636</u>	<u>\$14,500</u>	<u>\$164,136</u>

See accompanying notes.

Statement of Functional Expense
For the Period Ended December 31, 2004
Institute for Public Relations

	Program			Management & General	Fundraising	Total
	Research	Education	Education & Industry Affairs			
Advertising	\$ -	\$ -	\$ -	\$ 1,390	\$ -	\$ 1,390
Assistant	183	183	183	329	220	1,098
Awards	-	13,750	-	-	-	13,750
Bank Service Charges	-	-	-	248	-	248
Board Meeting	-	-	-	4,008	-	4,008
Case Writing Competition	6,000	-	-	-	-	6,000
Conference Registration	846	846	846	727	363	3,628
Credit Card Fee	-	-	-	1,769	-	1,769
Depreciation	439	439	439	375	188	1,880
Dues and Subscriptions	831	831	831	712	356	3,561
Equipment	44	44	44	38	19	189
Interest	-	-	-	193	-	193
IPRRC	-	-	31,439	-	-	31,439
Lecture	-	22,678	-	-	-	22,678
Liability Insurance	-	-	-	1,138	-	1,138
London Lecture	-	14,423	-	-	-	14,423
Marketing	-	-	-	9,598	-	9,598
Measurement Commission	1,262	-	-	-	-	1,262
Miscellaneous	-	-	-	751	-	751
Payroll Taxes	2,320	2,320	2,320	1,990	995	9,945
Postage and Delivery	628	628	628	538	269	2,691
P.R. Executive Forum	-	40,519	-	-	-	40,519
P.R. Leadership Forum	-	667	-	-	-	667
PRF Alumni Session	-	920	-	-	-	920
Printing and Reproduction	887	887	887	762	380	3,803
Profit Share	-	14,490	-	-	-	14,490
Rent	1,120	1,120	1,120	960	480	4,800
Research Projects	8,174	-	-	-	-	8,174
Salaries	30,170	30,170	30,170	26,495	12,995	130,000
Sponsorship	5,000	-	200	-	-	5,200
Supplies	-	-	-	399	-	399
Tax	-	-	-	135	-	135
Tax Prep	-	-	-	2,080	-	2,080
Telecommunications	1,322	1,322	1,322	1,133	567	5,666
Travel	8,126	8,702	5,177	13,811	895	36,711
Trophies and plaques	1,490	-	-	-	-	1,490
Web Site	-	-	4,040	-	-	4,040
Totals	<u>\$ 68,842</u>	<u>\$ 154,939</u>	<u>\$ 79,646</u>	<u>\$ 69,579</u>	<u>\$ 17,727</u>	<u>\$ 390,733</u>

See accompanying notes.

Statement of Cash Flows
For the Period Ended December 31, 2004
Institute for Public Relations

Operating Activities:	
Receipts:	
Contributions	\$ 191,644
Event Receipts	261,975
Other Receipts	9,015
Total Receipts	462,634
Cash Disbursements	(381,732)
Net Cash Provided by Operating Activities	80,902
Investing Activities:	
Purchases of Fixed Assets	(2,882)
Purchases of Certificates of Deposits	(10,629)
Net Cash Used in Investing Activities	(13,511)
Net Increase in Cash	67,391
Cash, Beginning	52,485
Cash, Ending	\$ 119,876

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

Change in Net Assets	\$ 38,290
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	1,880
Changes in:	
Accounts Receivable	(89)
Accounts Payable	2,321
Deferred Revenue	38,500
Net Cash Provided by Operating Activities	\$ 80,902

See accompanying notes.

Notes to the Financial Statements
December 31, 2004
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. Other 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 (IPR). IPR is focused on the science beneath the art of public relations. It exists to expand and document the intellectual foundations of public relations, and to make this knowledge available and useful to all practitioners, educators, researchers and the corporate/institutional clients they serve.

Tax Exemption

IPR is tax exempt under Section 501(c)(3) of the Internal Revenue Code, therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, IPR has been classified by the Internal Revenue Service as an organization that is not a private foundation and qualifies for the charitable contributions deduction.

Cash

Cash consists of deposits in financial institutions.

Certificates of Deposit

Certificates of deposit are recorded at cost which approximates fair value.

Fixed Assets

IPR 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

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

Notes to the Financial Statements
December 31, 2004
Institute for Public Relations

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Revenue Recognition (concluded)

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.

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.

Functional Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. IPR assigns most expenses directly to the benefited function. IPR 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 IPR 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.

NOTE 2 – NET ASSETS

Temporarily restricted net assets consist of cash contributions received in 2004 with donor imposed time restriction that the funds be used for 2005 programs.

**Notes to the Financial Statements
December 31, 2004
Institute for Public Relations**

NOTE 2 – NET ASSETS (concluded)

Designated net assets represent the accumulated excess of receipts over disbursements related to the International Public Relations Research Conference.

NOTE 3 – EVENTS

The following table displays the revenues and expenses of IPR's events:

	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net</u>
International Public Relations			
Research Conference	\$ 33,924	\$ 31,439	\$ 2,485
P. R. Executive Forum	69,500	55,009	14,491
New York Lecture	83,700	22,678	61,022
London Lecture	34,551	14,423	20,128
P. R. Leadership Forum	<u> --</u>	<u> 668</u>	<u> (668)</u>
Totals	<u>\$ 221,675</u>	<u>\$ 124,217</u>	<u>\$ 97,458</u>