

**INSTITUTE FOR PUBLIC RELATIONS**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2005 and 2004**

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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, 2005 and 2004, 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, 2005 and 2004 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.

*Kattell and Company P.L.*

February 16, 2006  
Gainesville, Florida

**Statements of Financial Position**  
**December 31, 2005 and 2004**  
**Institute for Public Relations**

Assets	<u>2005</u>	<u>2004</u>
Current Assets:		
Cash:		
General Checking	\$130,317	\$ 99,932
IPRRC Checking	21,862	15,107
Business Investment Account	49,966	4,821
Janney Montgomery Scott Investment Money Market	-	16
Total Cash	202,146	119,876
Certificates of Deposit:		
90 Day	60,018	11,287
6 Month	29,524	28,839
IPRRC 9 Month	30,590	30,191
Pathfinder 12 Month	4,954	4,895
Total Certificates of Deposit	125,086	75,212
Accounts Receivable	-	1,500
University of Florida Foundation Account	2,779	6,077
Total Current Assets	330,011	202,665
Fixed Assets:		
Office Equipment	28,309	24,768
Less: Accumulated Depreciation	(23,105)	(21,853)
Net Fixed Assets	5,204	2,915
<b>Total Assets</b>	<b>\$335,215</b>	<b>\$205,580</b>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ -	\$ 2,944
Deferred Revenue	108,000	38,500
Total Current Liabilities	108,000	41,444
Net Assets:		
Temporarily Restricted	41,500	14,500
Unrestricted		
Designated for IPRRC	52,452	45,298
Undesignated	133,263	104,338
Total Unrestricted	185,715	149,636
Total Net Assets	227,215	164,136
<b>Total Liabilities and Net Assets</b>	<b>\$335,215</b>	<b>\$205,580</b>

*See accompanying notes.*

**Statements of Activities**  
**For the Periods Ended December 31, 2005 and 2004**  
**Institute for Public Relations**

	2005			2004		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue						
Contributions:						
General	\$162,831	\$ 41,500	\$204,331	\$161,583	\$ 14,500	\$176,083
Year of Jack	-	-	-	22,250	-	22,250
Total Contributions	<u>162,831</u>	<u>41,500</u>	<u>204,331</u>	<u>183,833</u>	<u>14,500</u>	<u>198,333</u>
Event Income:						
International Public Relations						
Research Conference	36,600	-	36,600	33,924	-	33,924
Public Relations Executive Forum	61,000	-	61,000	69,500	-	69,500
New York Lecture	81,100	-	81,100	83,700	-	83,700
Leadership Forum	54,750	-	54,750	-	-	-
Summit on Measurement	129,877	-	129,877	-	-	-
London Lecture	-	-	-	34,551	-	34,551
Total Event Income	<u>363,327</u>	<u>-</u>	<u>363,327</u>	<u>221,675</u>	<u>-</u>	<u>221,675</u>
Other Programs						
Golden Ruler	2,100	-	2,100	3,900	-	3,900
Public Relations Forum Alumni Session	-	-	-	2,400	-	2,400
Sponsored Research	-	-	-	2,000	-	2,000
Total Other Programs	<u>2,100</u>	<u>-</u>	<u>2,100</u>	<u>8,300</u>	<u>-</u>	<u>8,300</u>
Interest Income	1,488	-	1,488	671	-	671
Miscellaneous Income	20	-	20	44	-	44
Reclassifications	<u>14,500</u>	<u>(14,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<b>544,266</b>	<b>27,000</b>	<b>571,266</b>	<b>414,523</b>	<b>14,500</b>	<b>429,023</b>
Expenses:						
Program:						
Research	59,052	-	59,052	68,842	-	68,842
Educational Programs	262,806	-	262,806	154,939	-	154,939
Education and Industry Affairs	84,039	-	84,039	79,646	-	79,646
Total Program	<u>405,897</u>	<u>-</u>	<u>405,897</u>	<u>303,427</u>	<u>-</u>	<u>303,427</u>
Management and General	78,572	-	78,572	69,579	-	69,579
Fundraising	<u>23,718</u>	<u>-</u>	<u>23,718</u>	<u>17,727</u>	<u>-</u>	<u>17,727</u>
<b>Total Expenses</b>	<b>508,187</b>	<b>-</b>	<b>508,187</b>	<b>390,733</b>	<b>-</b>	<b>390,733</b>
<b>Change in Net Assets</b>	<b>36,079</b>	<b>27,000</b>	<b>63,079</b>	<b>23,790</b>	<b>14,500</b>	<b>38,290</b>
<b>Net Assets, Beginning of Year</b>	<b>149,636</b>	<b>14,500</b>	<b>164,136</b>	<b>125,846</b>	<b>-</b>	<b>125,846</b>
<b>Net Assets, End of Year</b>	<b><u>\$185,715</u></b>	<b><u>\$ 41,500</u></b>	<b><u>\$227,215</u></b>	<b><u>\$149,636</u></b>	<b><u>\$ 14,500</u></b>	<b><u>\$164,136</u></b>

*See accompanying notes.*

**Statement of Functional Expenses  
For the Period Ended December 31, 2005  
Institute for Public Relations**

	Program			Support		Total
	Research	Education	Education & Industry Affairs	Management and General	Fund raising	
Accounting	\$ -	\$ -	\$ -	\$ 8,961	\$ -	\$ 8,961
Awards	747	21,071	3,000	-	-	24,818
Bank Service Charges	-	-	-	1,120	-	1,120
Contract Labor	340	340	340	293	147	1,460
Conference Fees	483	483	483	414	207	2,070
Credit Card Merchant Fees	-	-	-	6,698	-	6,698
Depreciation	292	292	292	250	126	1,252
Dues and Subscriptions	-	-	-	3,117	446	3,563
Equipment	163	163	163	141	70	700
Fees	645	645	645	553	276	2,764
Forum Director Fee	-	30,000	-	-	-	30,000
Gifts	144	195	144	123	62	668
Insurance	-	-	-	4,130	-	4,130
Interest Expense	-	-	-	576	-	576
Legal Fees	-	-	-	8,458	-	8,458
Licenses and Permits	42	42	42	36	18	180
Meeting/Event Costs	-	121,911	23,310	6490	-	151,711
Office Supplies	387	2,209	449	465	137	3,647
Payroll Expenses	29,478	29,478	29,478	25,266	12,633	126,333
Postage and Delivery	629	1,253	629	539	269	3,319
Printing and Reproduction	1,887	6,994	1,361	893	356	11,491
Program Profit Sharing	-	23,222	-	-	-	23,222
Rent	1,120	1,120	1,120	960	480	4,800
Research Projects	12,000	-	-	-	-	12,000
Software	172	172	172	146	4,018	4,680
Sponsor Expense	47	47	47	39	20	200
Telephone	744	2,083	659	564	282	4,332
Travel & Entertainment	7,108	18,462	19,081	6,092	3,046	53,789
Web Site	2,624	2,624	2,624	2,248	1,125	11,245
<b>Total Expenses</b>	<b>\$ 59,052</b>	<b>\$262,806</b>	<b>\$ 84,039</b>	<b>\$ 78,572</b>	<b>\$ 23,718</b>	<b>\$508,187</b>

*See accompanying notes.*

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

	Program			Support		Total
	Research	Education	Education & Industry Affairs	Management and General	Fund raising	
Advertising	\$ -	\$ -	\$ -	\$ 1,390	\$ -	\$ 1,390
Assistant	183	183	1183	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	6628	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
<b>Total Expenses</b>	<b>\$ 68,842</b>	<b>\$ 154,939</b>	<b>\$ 79,646</b>	<b>\$ 69,579</b>	<b>\$ 17,727</b>	<b>\$ 390,733</b>

*See accompanying notes.*

**Statements of Cash Flows**  
**For the Years Ended December 31, 2005 and 2004**  
**Institute for Public Relations**

	<u>2005</u>	<u>2004</u>
Operating Activities:		
Receipts:		
Contributions	\$ 204,331	\$ 191,644
Event Receipts	432,827	261,975
Other Receipts	<u>3,608</u>	<u>9,015</u>
Total Receipts	640,766	462,634
Cash Disbursements	<u>(505,081)</u>	<u>(381,732)</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>135,685</u></b>	<b><u>80,902</u></b>
Investing Activities:		
Purchases of Fixed Assets	(3,541)	(2,882)
Purchases of Certificates of Deposit	<u>(49,874)</u>	<u>(10,629)</u>
<b>Net Cash Used in Investing Activities</b>	<b><u>(53,415)</u></b>	<b><u>(13,511)</u></b>
<b>Net Increase in Cash</b>	<b>82,270</b>	<b>67,391</b>
<b>Cash, Beginning of Year</b>	<b><u>119,876</u></b>	<b><u>52,485</u></b>
<b>Cash, End of Year</b>	<b><u>\$202,146</u></b>	<b><u>\$ 119,876</u></b>
 <b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</b>		
Change in Net Assets	\$ 63,079	\$ 38,290
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	1,252	1,880
Changes in:		
Accounts Receivable	4,798	(89)
Accounts Payable	(2,944)	2,321
Deferred Revenue	<u>69,500</u>	<u>38,500</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$135,685</u></b>	<b><u>\$ 80,902</u></b>

*See accompanying notes.*

**Notes to the Financial Statements**  
**December 31, 2005 and 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 (the Institute). The Institute 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

The Institute 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, The Institute 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

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

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

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.



**Notes to the Financial Statements**  
**December 31, 2005 and 2004**  
**Institute for Public Relations**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

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 most 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.

**NOTE 2 – NET ASSETS**

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

	<u>2005</u>	<u>2004</u>
Operations of the Subsequent Year	\$20,000	\$14,500
Research Projects	21,500	-
Totals	<u>\$41,500</u>	<u>\$14,500</u>

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

**NOTE 3 – RELATED PARTY TRANSACTIONS**

The Institute paid \$30,000 and \$7,500 in 2005 and 2004, respectively, for services provided by a board member. In addition, the Institute paid \$5,000 to the University of Miami to fund research for a board member.

**NOTE 4 – RETIREMENT PLAN**

The Institute has established a retirement plan covering all employees beginning in May, 2005. The Institute provides up to 3% match for employee contributions to the plan. The Institute's contribution to the plan was \$1,122 in 2005.

**Notes to the Financial Statements**  
**December 31, 2005 and 2004**  
**Institute for Public Relations**

**NOTE 5 – EVENTS**

The following tables display the revenues and expenses of the Institute's events:

	2005		
	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net</u>
<b>Education and Industry Affairs:</b>			
International Public Relations			
Research Conference	\$ 36,600	\$ 34,542	\$ 2,058
<b>Educational Programs:</b>			
P. R. Executive Forum	61,000	44,773	16,227
New York Lecture	81,100	39,558	41,542
P.R. Leadership Forum	54,750	42,213	12,537
Summit on Measurement	<u>129,877</u>	<u>70,559</u>	<u>59,318</u>
Totals	<u>\$363,327</u>	<u>\$231,645</u>	<u>\$131,682</u>

	2004		
	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net</u>
<b>Education and Industry Affairs:</b>			
International Public Relations			
Research Conference	\$ 33,924	\$ 31,439	\$ 2,485
<b>Educational Programs:</b>			
P. R. Executive Forum	69,500	55,009	14,491
New York Lecture	83,700	22,678	61,022
London Lecture	<u>34,551</u>	<u>14,423</u>	<u>20,128</u>
Totals	<u>\$221,675</u>	<u>\$123,549</u>	<u>\$ 98,126</u>