

Institute for Public Relations

Financial Statements
and
Independent Auditors' Reports

December 31, 2006 and 2005

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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, 2006 and 2005, 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, 2006 and 2005 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.

March 28, 2007
Gainesville, Florida

Statements of Financial Position
December 31, 2006 and 2005
Institute for Public Relations

	2006	2005
Assets		
Current Assets:		
Cash:		
General Checking	\$ 106,996	\$130,317
IPRRC Checking	39,375	21,862
Business Investment Account	26	49,966
Total Cash	146,397	202,146
Certificates of Deposit	179,616	125,086
Investments	5,376	-
Accounts Receivable	6,500	-
University of Florida Foundation Account	--	2,779
Total Current Assets	337,889	330,011
Fixed Assets:		
Office Equipment	32,593	28,309
Less: Accumulated Depreciation	(24,817)	(23,105)
Net Fixed Assets	7,776	5,204
Total Assets	\$ 345,665	\$ 335,215
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 13	\$ -
Deferred Revenue	48,500	108,000
Total Current Liabilities	48,513	108,000
Net Assets:		
Temporarily Restricted	36,000	41,500
Unrestricted		
Designated for IPRRC	71,283	52,452
Undesignated	189,869	133,263
Total Unrestricted	261,152	185,715
Total Net Assets	297,152	227,215
Total Liabilities and Net Assets	\$ 345,665	\$ 335,215

See accompanying notes.

Statements of Activities
For the Years Ended December 31, 2006 and 2005
Institute for Public Relations

	2006			2005		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue:						
Contributions:						
General	\$ 240,459	\$ 36,000	\$ 276,459	\$ 162,831	\$ 41,500	\$ 204,331
In-Kind	86,502	-	86,502	-	-	-
Total Contributions	<u>326,961</u>	<u>36,000</u>	<u>362,961</u>	<u>162,831</u>	<u>41,500</u>	<u>204,331</u>
Event Income:						
Registration Fees	373,416	-	373,416	315,327	-	315,327
Sponsorships	62,500	-	62,500	48,000	-	48,000
In-Kind Contributions	27,000	-	27,000	-	-	-
Total Event Income	<u>462,916</u>	<u>-</u>	<u>462,916</u>	<u>363,327</u>	<u>-</u>	<u>363,327</u>
Other Programs:						
Registration Fees	1,600	-	1,600	2,100	-	2,100
Sponsorships	6,000	-	6,000	-	-	-
Total Other Programs	<u>7,600</u>	<u>-</u>	<u>7,600</u>	<u>2,100</u>	<u>-</u>	<u>2,100</u>
Interest Income	4,903	-	4,903	1,488	-	1,488
Miscellaneous Income	1,605	-	1,605	20	-	20
Reclassifications	41,500	(41,500)	-	14,500	(14,500)	-
Total Revenues	845,485	(5,500)	839,985	544,266	27,000	571,266
Expenses:						
Program:						
Research	146,246	-	146,246	59,052	-	59,052
Educational Programs	374,949	-	374,949	262,806	-	262,806
Education and Industry Affairs	117,474	-	117,474	84,039	-	84,039
Total Program	<u>638,669</u>	<u>-</u>	<u>638,669</u>	<u>405,897</u>	<u>-</u>	<u>405,897</u>
Management and General	94,384	-	94,384	78,572	-	78,572
Fundraising	36,995	-	36,995	23,718	-	23,718
Total Expenses	770,048	-	770,048	508,187	-	508,187
Change in Net Assets	75,437	(5,500)	69,937	36,079	27,000	63,079
Net Assets, Beginning of Year	185,715	41,500	227,215	149,636	14,500	164,136
Net Assets, End of Year	\$ 261,152	\$ 36,000	\$ 297,152	\$ 185,715	\$ 41,500	\$ 227,215

See accompanying notes.

**Statement of Functional Expenses
For the Year Ended December 31, 2006
Institute for Public Relations**

	Program			Support		Total
	Research	Education	Education & Industry Affairs	Management and General	Fund Raising	
Accounting	\$ -	\$ -	\$ -	\$ 9,319	\$ -	\$ 9,319
Advertising	1,476	23,476	1,476	1,264	633	28,325
Awards	11,252	-	-	-	-	11,252
Bank Service Charges	-	-	-	414	-	414
Contract Labor	-	-	500	42	-	542
Conference Fees	23	23	23	20	10	99
Credit Card Merchant Fees	-	-	-	10,969	-	10,969
Depreciation	400	400	400	342	171	1,713
Dues and Subscriptions	1,478	1,478	1,478	1,266	633	6,333
Equipment	210	210	617	178	90	1,305
Fees	14	14	14	13	6	61
Forum Director Fee	-	47,500	-	-	-	47,500
Gifts	512	512	512	439	220	2,195
Graphic Artist	6,305	7,075	5,102	4,372	2,286	25,140
Interest Expense	-	-	-	148	-	148
Legal Fees	-	-	-	961	-	961
Licenses and Permits	73	73	73	63	31	313
Meeting/Event Costs	1,941	153,257	28,142	1,148	575	185,063
Office Supplies	481	1,496	607	412	206	3,202
Payroll Expenses	45,103	45,103	45,103	38,659	19,330	193,298
Postage and Delivery	947	2,668	947	810	406	5,778
Printing and Reproduction	3,250	5,101	4,803	2,347	1,797	17,298
Professional Services	18	1,693	18	13	8	1,750
Program Profit Sharing	-	37,725	-	-	-	37,725
Rent	2,147	2,147	2,147	1,839	920	9,200
Research Projects	46,571	--	--	--	--	46,571
Software	2,074	2,074	2,074	1,779	889	8,890
Sponsor Expense	47	47	47	39	20	200
Telephone	1,113	1,488	1,113	956	477	5,147
Travel & Entertainment	10,153	30,704	11,620	7,435	3,719	63,631
Web Site	10,658	10,685	10,658	9,137	4,568	45,706
Total Expenses	\$ 146,246	\$ 374,949	\$ 117,474	\$ 94,384	\$ 36,995	\$ 770,048

See accompanying notes.

**Statement of Functional Expenses
For the Year 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
Total Expenses	\$ 59,052	\$262,806	\$ 84,039	\$ 78,572	\$ 23,718	\$508,187

See accompanying notes.

Statements of Cash Flows
For the Years Ended December 31, 2006 and 2005
Institute for Public Relations

	<u>2006</u>	<u>2005</u>
Operating Activities:		
Receipts:		
Contributions	\$ 276,459	\$ 204,331
Event Receipts	369,716	432,827
Other Receipts	<u>14,309</u>	<u>3,608</u>
Total Receipts	660,484	640,766
Cash Disbursements	<u>(652,042)</u>	<u>(505,081)</u>
Net Cash Provided by Operating Activities	<u>8,442</u>	<u>135,685</u>
Investing Activities:		
Purchases of Fixed Assets	(4,284)	(3,541)
Redemptions of Certificates of Deposit	127,473	--
Purchases of Certificates of Deposit	(182,004)	(49,874)
Purchase of Other Investments	<u>(5,376)</u>	<u>--</u>
Net Cash Used in Investing Activities	<u>(64,191)</u>	<u>(53,415)</u>
Net Increase (Decrease) in Cash	(55,749)	82,270
Cash, Beginning of Year	<u>202,146</u>	<u>119,876</u>
Cash, End of Year	<u><u>\$ 146,397</u></u>	<u><u>\$ 202,146</u></u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in Net Assets	\$ 69,937	\$ 63,079
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	1,713	1,252
Changes in:		
Accounts Receivable	(6,500)	1,500
UF Foundation Account	2,779	3,298
Accounts Payable	13	(2,944)
Deferred Revenue	<u>(59,500)</u>	<u>69,500</u>
Net Cash Provided by Operating Activities	<u><u>\$ 8,442</u></u>	<u><u>\$135,685</u></u>

See accompanying notes.

Notes to the Financial Statements
December 31, 2006 and 2005
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 research-based knowledge in public relations, and to make this knowledge available and useful to all practitioners, educators, researchers and the 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. All certificates of deposit mature within the next calendar year.

Accounts Receivable

Receivables consist primarily of contributions receivable. The Institute records receivables 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.

Investments

Investments are held in a money market mutual fund and are reported at fair value. According the fund's prospectus, the fund invests only in high quality short term obligations.

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.

Notes to the Financial Statements
December 31, 2006 and 2005
Institute for Public Relations

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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. The Institute receives contributed services from a large number of volunteers that do not meet the criteria for recognition. The fair value of these services is not practical to estimate.

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.

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 with the current year presentation.

Notes to the Financial Statements
December 31, 2006 and 2005
Institute for Public Relations

NOTE 2 – EVENTS

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

	2006		
	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net</u>
Education and Industry Affairs:			
International Public Relations			
Research Conference	\$ 48,150	\$ 31,551	\$ 16,599
Educational Programs:			
P. R. Executive Forum	69,250	50,082	19,168
P.R. Leadership Forum	77,800	56,753	21,047
New York Lecture	80,300	43,836	36,464
London Lecture	22,981	9,605	13,376
Summit on Communications	56,335	38,917	17,418
Summit on Measurement	108,100	82,365	25,735
Totals	\$ 462,916	\$ 313,109	\$ 149,807

	2005		
	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net</u>
Education and Industry Affairs:			
International Public Relations			
Research Conference	\$ 36,600	\$ 34,542	\$ 2,058
Educational Programs:			
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	129,877	70,559	59,318
Totals	\$363,327	\$231,645	\$131,682

NOTE 3 – 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 \$4,384 and \$1,122 in 2006 and 2005, respectively.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Institute paid \$47,500 and \$30,000 in 2006 and 2005, respectively, for services provided by a board member. In addition, the Institute paid a board member \$7,000 to conduct research in 2006 and paid \$5,000 to the University of Miami to fund research for the same board member in 2005.

Notes to the Financial Statements
December 31, 2006 and 2005
Institute for Public Relations

NOTE 5– NET ASSETS

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

	<u>2006</u>	<u>2005</u>
Operations of the Subsequent Year	\$ 15,000	\$ 20,000
Research Projects	21,000	21,500
Totals	<u>\$ 36,000</u>	<u>\$ 41,500</u>

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

NOTE 6– CONCENTRATIONS

The Institute holds deposits of cash and certificates of deposit in one financial institution. These amounts exceed Federal Deposit Insurance Corporation (FDIC) limits by approximately \$230,000 and \$238,000 for the years ended December 31, 2006 and 2005, respectively.

NOTE 7– IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following:

	2006			
	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Services	\$ 80,453	\$ 14,700	\$ 7,350	\$ 102,503
Rent	5,580	880	440	6,900
Meeting/Event Costs	600	1,000	--	1,600
Travel & Entertainment	2,500	--	--	2,500
Totals	<u>\$ 89,133</u>	<u>\$ 16,580</u>	<u>\$ 7,790</u>	<u>\$ 113,503</u>

The Institute did not record significant in-kind contributions during the year ended 2005.