

Institute for Public Relations

Financial Statements
and
Independent Auditors' Report

December 31, 2007 and 2006

Contents

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2
Statements of Activities	3
Statement of Functional Expenses – 2007	4
Statement of Functional Expenses – 2006	5
Statements of Cash Flows	6
Notes to Financial Statements	7

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 statements of financial position of the Institute for Public Relations as of December 31, 2007 and 2006, 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, 2007 and 2006 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.

March 28, 2008
Gainesville, Florida

Statements of Financial Position
December 31, 2007 and 2006
Institute for Public Relations

	<u>2007</u>	<u>2006</u>
Assets		
Current Assets:		
Cash	\$ 197,074	\$ 146,397
Certificates of Deposit	99,486	179,616
Investments	111,850	5,376
Accounts Receivable	27,500	6,500
Deposit - Events	<u>4,500</u>	<u>--</u>
Total Current Assets	440,410	337,889
Fixed Assets:		
Office Equipment	36,018	32,593
Less: Accumulated Depreciation	<u>(27,216)</u>	<u>(24,817)</u>
Net Fixed Assets	<u>8,802</u>	<u>7,776</u>
Total Assets	<u>\$ 449,212</u>	<u>\$ 345,665</u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 2	\$ 13
Deferred Revenue	<u>68,450</u>	<u>48,500</u>
Total Current Liabilities	68,452	48,513
Net Assets:		
Temporarily Restricted	82,352	36,000
Unrestricted		
Designated for IPRRC	87,363	71,283
Undesignated	<u>211,045</u>	<u>189,869</u>
Total Unrestricted	<u>298,408</u>	<u>261,152</u>
Total Net Assets	<u>380,760</u>	<u>297,152</u>
Total Liabilities and Net Assets	<u>\$ 449,212</u>	<u>\$ 345,665</u>

See accompanying notes.

Statements of Activities
For the Years Ended December 31, 2007 and 2006
Institute for Public Relations

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue:						
Contributions:						
General	\$ 192,066	\$ 115,450	\$ 307,516	\$ 240,459	\$ 36,000	\$ 276,459
In-Kind	53,800	--	53,800	86,502	--	86,502
Total Contributions	<u>245,866</u>	<u>115,450</u>	<u>361,316</u>	<u>326,961</u>	<u>36,000</u>	<u>362,961</u>
Event Income:						
Registration Fees	389,030	--	389,030	373,416	--	373,416
Sponsorships	74,250	--	74,250	62,500	--	62,500
In-Kind Contributions	23,125	--	23,125	27,000	--	27,000
Total Event Income	<u>486,405</u>	<u>--</u>	<u>486,405</u>	<u>462,916</u>	<u>--</u>	<u>462,916</u>
Other Programs:						
Registration Fees	7,155	--	7,155	1,600	--	1,600
Sponsorships	--	--	--	6,000	--	6,000
Total Other Programs	<u>7,155</u>	<u>--</u>	<u>7,155</u>	<u>7,600</u>	<u>--</u>	<u>7,600</u>
Interest and Investment Income	11,949	--	11,949	4,903	--	4,903
Miscellaneous Income	806	--	806	1,605	--	1,605
Reclassifications	69,098	(69,098)	--	41,500	(41,500)	--
Total Revenues	821,279	46,352	867,631	845,485	(5,500)	839,985
Expenses:						
Program:						
Research	147,452	--	147,452	146,246	--	146,246
Educational Programs	360,419	--	360,419	374,949	--	374,949
Education and Industry Affairs	127,330	--	127,330	117,474	--	117,474
Total Program	<u>635,201</u>	<u>--</u>	<u>635,201</u>	<u>638,669</u>	<u>--</u>	<u>638,669</u>
Management and General	107,965	--	107,965	94,384	--	94,384
Fundraising	40,857	--	40,857	36,995	--	36,995
Total Expenses	784,023	--	784,023	770,048	--	770,048
Change in Net Assets	37,256	46,352	83,608	75,437	(5,500)	69,937
Net Assets, Beginning of Year	261,152	36,000	297,152	185,715	41,500	227,215
Net Assets, End of Year	\$ 298,408	\$ 82,352	\$ 380,760	\$ 261,152	\$ 36,000	\$ 297,152

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2007
Institute for Public Relations

	Program			Support		Total
	Research	Education	Education & Industry Affairs	Management and General	Fund Raising	
Accounting	\$ --	\$ --	\$ --	\$ 9,764	\$ --	\$ 9,764
Advertising	3,425	14,200	3,425	1,007	503	22,560
Awards	22,784	--	--	--	--	22,784
Bank Service Charges	--	--	--	173	--	173
Conference Fees	1,029	1,029	1,029	940	447	4,474
Credit Card Merchant Fees	--	--	--	11,323	--	11,323
Depreciation	552	552	552	504	238	2,398
Dues and Subscriptions	730	730	730	667	317	3,174
Equipment	150	150	150	137	65	652
Fees	14	14	14	13	6	61
Forum Director Fee	--	38,000	--	--	--	38,000
Gifts	59	59	59	54	26	257
Graphic Artist	951	951	951	869	414	4,136
Insurance	952	952	952	870	416	4,142
Legal Fees	--	--	--	1,168	--	1,168
Meeting/Event Costs	2,056	162,339	29,810	1,216	609	196,030
Office Supplies	655	2,009	826	561	280	4,331
Payroll Expenses	59,450	59,450	59,450	54,281	25,849	258,480
Postage and Delivery	1,044	2,941	1,044	893	448	6,370
Printing and Reproduction	1,140	3,211	1,140	975	488	6,954
Professional Services	--	680	--	315	--	995
Program Profit Sharing	--	30,334	--	--	--	30,334
Rent	2,116	2,116	2,116	1,932	920	9,200
Research Projects	26,438	--	--	--	--	26,438
Software	1,885	1,885	1,885	1,721	821	8,197
Sponsor Expense	2,346	2,346	2,346	2,142	1,020	10,200
Telephone	1,009	1,348	1,009	866	432	4,664
Travel & Entertainment	8,130	24,586	9,305	5,954	2,978	50,953
Web Site	10,537	10,537	10,537	9,620	4,580	45,811
Total Expenses	\$ 147,452	\$ 360,419	\$ 127,330	\$ 107,965	\$ 40,857	\$ 784,023

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.

Statements of Cash Flows
For the Years Ended December 31, 2007 and 2006
Institute for Public Relations

	<u>2007</u>	<u>2006</u>
Operating Activities:		
Receipts:		
Contributions	\$ 307,516	\$ 276,459
Event Receipts	469,386	369,716
Other Receipts	12,754	14,309
Total Receipts	<u>789,656</u>	<u>660,484</u>
Cash Disbursements	<u>(709,211)</u>	<u>(652,042)</u>
Net Cash Provided by Operating Activities	80,445	8,442
Investing Activities:		
Purchases of Fixed Assets	(3,424)	(4,284)
Redemptions of Certificates of Deposit	90,723	127,473
Purchases of Certificates of Deposit	(10,593)	(182,004)
Sale of Other Investments	15,606	--
Purchase of Other Investments	<u>(122,080)</u>	<u>(5,376)</u>
Net Cash Used in Investing Activities	(29,768)	(64,191)
Net Increase (Decrease) in Cash	50,677	(55,749)
Cash, Beginning of Year	146,397	202,146
Cash, End of Year	<u>\$ 197,074</u>	<u>\$ 146,397</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in Net Assets	\$ 83,608	\$ 69,937
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	2,398	1,713
Changes in:		
Accounts Receivable	(21,000)	(6,500)
UF Foundation Account	--	2,779
Accounts Payable	(11)	(13)
Deposits - Events	(4,500)	--
Deferred Revenue	<u>19,950</u>	<u>(59,500)</u>
Net Cash Provided by Operating Activities	<u>\$ 80,445</u>	<u>\$ 8,442</u>

See accompanying notes.

Notes to the Financial Statements
December 31, 2007 and 2006
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.

Investments

Investments are held in a money market mutual fund and are 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, banker's acceptances, commercial paper and other money market securities.

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.

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, 2007 and 2006
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. See Note 8 for more details. The Institute also receives services from a large number of volunteers whose contributions are central to its mission. However, these services do not meet all of the criteria for recognition in financial statements. The fair value of these services is not disclosed since it 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 to the current year presentation.

NOTE 2 – RETIREMENT PLAN

The Institute offers a retirement plan covering all employees. The Institute provides up to 3% match for employee contributions to the plan. The Institute's contribution to the plan was \$6,441 and \$4,384 in 2007 and 2006, respectively.

NOTE 3 – 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 \$188,000 and \$230,000 for the years ended December 31, 2007 and 2006, respectively. Management does not believe these excess amounts represent an unreasonable amount of risk.

Notes to the Financial Statements
December 31, 2007 and 2006
Institute for Public Relations

NOTE 4 – EVENTS

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

	2007		
	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net</u>
Education and Industry Affairs:			
International Public Relations			
Research Conference	\$ 59,375	\$ 29,776	\$ 29,599
Educational Programs:			
P. R. Executive Forum	76,200	51,971	24,229
P.R. Leadership Forum	69,700	49,843	19,857
New York Lecture	112,700	45,959	66,741
Summit on Corp. Communications	53,700	42,644	11,056
Summit on Measurement	114,730	70,941	43,789
Totals	<u>\$ 486,405</u>	<u>\$ 291,134</u>	<u>\$ 195,271</u>

	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 Corp. Communications	56,335	38,917	17,418
Summit on Measurement	108,100	82,365	25,735
Totals	<u>\$ 462,916</u>	<u>\$ 313,109</u>	<u>\$ 149,807</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

The Institute paid \$38,000 and \$47,500 in 2007 and 2006, respectively, for educational program services provided by a board member. In addition, the Institute paid a board member \$5,000 and \$7,000 in 2007 and 2006, respectively, to conduct research.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Institute regularly enters into contracts for the use of facilities for its meetings. These contracts have provisions for minimum payments even in the event of cancellation. Minimum commitments under these contracts at December 31, 2007 are approximately \$83,000.

Notes to the Financial Statements
December 31, 2007 and 2006
Institute for Public Relations

NOTE 7 – NET ASSETS

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

	<u>2007</u>	<u>2006</u>
Operations of the Subsequent Year	\$ --	\$ 15,000
Research Projects	82,352	21,000
Totals	<u>\$ 82,352</u>	<u>\$ 36,000</u>

Designated net assets represent the accumulated excess of receipts over disbursements related to the International Public Relations Research Conference. Related asset and liability amounts are as follows:

	<u>2007</u>	<u>2006</u>
Checking Account	\$ 72,009	\$ 39,375
Certificate of Deposit	33,904	39,908
Account Receivable	2,500	--
Deferred Revenue	(21,050)	--
Totals	<u>\$ 87,363</u>	<u>\$ 71,283</u>

NOTE 8– IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following:

		<u>2007</u>		
	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Services	\$ 46,300	\$ 10,420	\$ 4,580	\$ 61,300
Rent	6,348	1,932	920	9,200
Meeting/Event Costs	2,500	--	--	2,500
Travel & Entertainment	3,925	--	--	3,925
Totals	<u>\$ 59,073</u>	<u>\$ 12,352</u>	<u>\$ 5,500</u>	<u>\$ 76,925</u>

		<u>2006</u>		
	<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>