

Institute for Public Relations

Financial Statements
and
Independent Auditors' Report

December 31, 2008 and 2007

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Kattell and Company, P.L.

Serving the Nonprofit Community

808-B NW 16th Avenue Gainesville, Florida 32601 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, 2008 and 2007, 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, 2008 and 2007 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.

April 2, 2009
Gainesville, Florida

Statements of Financial Position
December 31, 2008 and 2007
Institute for Public Relations

	<u>2008</u>	<u>2007</u>
Assets		
Current Assets:		
Cash	\$ 88,381	\$ 197,074
Certificates of Deposit	103,546	99,486
Investments	113,144	111,850
Accounts Receivable	16,750	27,500
Deposit – Events	4,500	4,500
Total Current Assets	326,321	440,410
Fixed Assets:		
Office Equipment	14,132	36,018
Less: Accumulated Depreciation	(7,728)	(27,216)
Net Fixed Assets	6,404	8,802
Total Assets	\$ 332,725	\$ 449,212
Liabilities and Net Assets		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 5,500	\$ 2
Deferred Revenue	38,900	68,450
Total Current Liabilities	44,400	68,452
Net Assets:		
Temporarily Restricted	36,065	82,352
Unrestricted		
Designated for IPRRC	87,848	87,363
Undesignated	164,412	211,045
Total Unrestricted	252,260	298,408
Total Net Assets	288,325	380,760
Total Liabilities and Net Assets	\$ 332,725	\$ 449,212

See accompanying notes.

Statements of Activities
For the Years Ended December 31, 2008 and 2007
Institute for Public Relations

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue:						
Contributions:						
General	\$ 247,125	\$ 11,000	\$ 258,125	\$ 192,066	\$ 115,450	\$ 307,516
In-Kind	81,980	--	81,980	53,800	--	53,800
Total Contributions	<u>329,105</u>	<u>11,000</u>	<u>340,105</u>	<u>245,866</u>	<u>115,450</u>	<u>361,316</u>
Event Income:						
Registration Fees	423,100	--	423,700	389,030	--	389,030
Sponsorships	56,900	--	56,900	74,250	--	74,250
In-Kind Contributions	5,000	--	5,000	23,125	--	23,125
Total Event Income	<u>485,000</u>	<u>--</u>	<u>485,000</u>	<u>486,405</u>	<u>--</u>	<u>486,405</u>
Other Programs:						
Registration Fees	1,200	--	1,200	7,155	--	7,155
Interest and Investment Income	8,375	--	8,375	11,949	--	11,949
Miscellaneous Income	--	--	--	806	--	806
Reclassifications	57,287	(57,287)	--	69,098	(69,098)	--
Total Revenues	880,967	(46,287)	834,680	821,279	46,352	867,631
Expenses:						
Program:						
Research	208,542	--	208,542	147,452	--	147,452
Educational Programs	406,773	--	406,773	360,419	--	360,419
Education and Industry Affairs	141,510	--	141,510	127,330	--	127,330
Total Program	<u>756,825</u>	<u>--</u>	<u>756,825</u>	<u>635,201</u>	<u>--</u>	<u>635,201</u>
Management and General	114,858	--	114,858	107,965	--	107,965
Fundraising	55,432	--	55,432	40,857	--	40,857
Total Expenses	927,115	--	927,115	784,023	--	784,023
Change in Net Assets	(46,148)	(46,287)	(92,435)	37,256	46,352	83,608
Net Assets, Beginning of Year	298,408	82,352	380,760	261,152	36,000	297,152
Net Assets, End of Year	\$ 252,260	\$ 36,065	\$ 288,325	\$ 298,408	\$ 82,352	\$ 380,760

See accompanying notes.

**Statement of Functional Expenses
For the Year Ended December 31, 2008
Institute for Public Relations**

	Program			Support		Total
	Research	Education	Education & Industry Affairs	Management And General	Fund Raising	
Accounting	\$ --	\$ --	\$ --	\$ 10,448	\$ --	\$ 10,448
Advertising	908	1,817	--	--	--	2,725
Awards	17,657	--	--	--	--	17,657
Bank Service Charges	--	--	--	292	--	292
Conference Fees	1,249	1,249	1,249	--	416	4,163
Credit Card Merchant Fees	--	11,813	950	--	--	12,763
Depreciation	528	528	528	527	287	2,398
Dues and Subscriptions	950	950	950	950	517	4,317
Forum Director Fee	--	59,000	--	--	--	59,000
Gifts	31	31	31	31	18	142
Graphic Artist	2,105	2,105	2,105	2,105	1,150	9,570
Insurance	807	807	807	807	438	3,666
Legal Fees	--	--	--	175	--	175
Licensing and Permits	--	--	--	261	--	261
Meeting/Event Costs	1,750	170,015	37,634	3,792	421	213,612
Office Supplies	742	1,372	497	451	197	3,259
Payroll Expenses	61,350	61,350	61,350	61,350	33,462	278,862
Postage and Delivery	2,027	3,750	1,359	1,233	537	8,906
Printing and Reproduction	2,464	7,084	2,464	2,156	1,231	15,399
Professional Services	706	2,706	706	618	354	5,090
Program Profit Sharing	--	33,058	--	--	--	33,058
Rent	2,024	2,024	2,024	2,024	1,104	9,200
Research Projects	84,388	--	--	--	--	84,388
Software	2,169	2,169	2,169	2,169	1,185	9,861
Sponsor Expense	2,354	2,354	2,354	2,354	1,284	10,700
Telephone	1,315	1,315	1,315	1,315	716	5,976
Travel & Entertainment	9,737	27,995	9,737	8,520	4,870	60,859
Web Site	13,281	13,281	13,281	13,280	7,245	60,638
Total Expenses	\$ 208,542	\$ 406,773	\$ 141,510	\$ 114,858	\$ 55,432	\$ 927,115

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.

Statements of Cash Flows
For the Years Ended December 31, 2008 and 2007
Institute for Public Relations

	<u>2008</u>	<u>2007</u>
Operating Activities:		
Receipts:		
Contributions	\$ 258,525	\$ 307,516
Event Receipts	464,396	469,386
Other Receipts	8,375	12,754
Total Receipts	<u>731,296</u>	<u>789,656</u>
Cash Disbursements	<u>(834,635)</u>	<u>(709,211)</u>
Net Cash Provided by Operating Activities	(103,339)	80,445
Investing Activities:		
Purchases of Fixed Assets	--	(3,424)
Redemptions of Certificates of Deposit	200,918	90,723
Purchases of Certificates of Deposit	(204,978)	(10,593)
Sale of Other Investments	50,000	15,606
Purchase of Other Investments	<u>(51,294)</u>	<u>(122,080)</u>
Net Cash Used in Investing Activities	(5,354)	(29,768)
Net Increase (Decrease) in Cash	(108,693)	50,677
Cash, Beginning of Year	<u>197,074</u>	<u>146,397</u>
Cash, End of Year	<u>\$ 88,381</u>	<u>\$ 197,074</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in Net Assets	\$ (92,435)	\$ 83,608
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	2,398	2,398
Changes in:		
Accounts Receivable	10,750	(21,000)
Accounts Payable	5,498	(11)
Deposits - Events	--	(4,500)
Deferred Revenue	<u>(29,550)</u>	<u>19,950</u>
Net Cash Provided by Operating Activities	<u>\$ (103,339)</u>	<u>\$ 80,445</u>

See accompanying notes.

Notes to the Financial Statements
December 31, 2008 and 2007
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 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 a not private foundation and qualifies for the charitable contribution deduction. The Institute operates exclusively for charitable purposes.

The Institute has elected to defer the application of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, until the fiscal year beginning January 1, 2009. The Institute has not taken any uncertain tax positions and, therefore, has no policy for evaluating them.

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 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 registration 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.

Notes to the Financial Statements
December 31, 2008 and 2007
Institute for Public Relations

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Notes to the Financial Statements
December 31, 2008 and 2007
Institute for Public Relations

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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 \$7,178 and \$6,441 in 2008 and 2007, respectively.

NOTE 3 – CONCENTRATIONS

The Institute holds deposits of cash and certificates of deposit in two separate financial institutions. These amounts do not exceed Federal Deposit Insurance Corporation (FDIC) limits for the year ended December 31, 2008. For the year ended December 31, 2007, \$188,000 was in excess of the FDIC limit.

NOTE 4 – EVENTS

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

	2008			
	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Profit Sharing</u>	<u>Net</u>
Education and Industry Affairs:				
International Public Relations				
Research Conference	\$ 67,850	\$ 56,979	\$ --	\$ 10,871
Educational Programs:				
P.R. Executive Forum	62,500	28,957	13,040	20,503
P.R. Leadership Forum - Atlanta	66,600	34,392	15,332	16,876
P.R. Leadership Forum - San Francisco	48,100	33,858	4,686	9,556
New York Lecture	95,000	45,490	--	49,510
Summit on Corp. Communications	45,370	30,135	--	15,235
Summit on Measurement	80,130	70,741	--	9,389
European Colloquium	19,450	6,999	--	12,451
Totals	<u>\$ 485,000</u>	<u>\$ 307,551</u>	<u>\$ 33,058</u>	<u>\$ 144,391</u>

	2007			
	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Profit Sharing</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	40,468	11,503	24,229
P.R. Leadership Forum	69,700	34,013	15,830	19,857
New York Lecture	112,700	45,959	--	66,741
Summit on Corp. Communications	53,700	39,643	3,001	11,056
Summit on Measurement	114,730	70,941	--	43,789
Totals	<u>\$ 486,405</u>	<u>\$ 260,800</u>	<u>\$ 30,334</u>	<u>\$ 195,271</u>

Notes to the Financial Statements
December 31, 2008 and 2007
Institute for Public Relations

NOTE 5 – RELATED PARTY TRANSACTIONS

The Institute paid \$59,000 and \$38,000 in 2008 and 2007, respectively, for educational program services provided by two board members. In addition, the Institute paid board members \$7,000 and \$5,000 in 2008 and 2007, respectively, to conduct research. Finally, the Institute contracted with an entity for which a board member has significant influence to conduct research totaling approximately \$35,000.

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, 2008 and 2007 are approximately \$35,144 and \$83,000, respectively.

NOTE 7 – NET ASSETS

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

	<u>2008</u>	<u>2007</u>
Operations of the Subsequent Year	\$ 11,000	\$ --
Research Projects	25,065	82,352
Totals	<u>\$ 36,065</u>	<u>\$ 82,352</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>2008</u>	<u>2007</u>
Checking Account	\$ 31,910	\$ 72,009
Certificate of Deposit	35,222	33,904
Account Receivable	--	2,500
Due from IPR general accounts	39,516	--
Deferred Revenue	(18,800)	(21,050)
Totals	<u>\$ 87,848</u>	<u>\$ 87,363</u>

NOTE 8– IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following:

	<u>2008</u>			
	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Services	\$ 52,478	\$ 11,811	\$ 5,191	\$ 69,480
Rent	6,348	1,932	920	9,200
Meeting/Event Costs	3,300	--	--	3,300
Travel & Entertainment	5,000	--	--	5,000
Totals	<u>\$67,126</u>	<u>\$ 13,743</u>	<u>\$ 6,111</u>	<u>\$ 86,980</u>
	<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>