

Institute for Public Relations

Financial Statements
And
Independent Auditors' Report

December 31, 2009 and 2008

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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, 2009 and 2008, 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, 2009 and 2008 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 18, 2010
Gainesville, Florida

Statements of Financial Position
December 31, 2009 and 2008
Institute for Public Relations

	<u>2009</u>	<u>2008</u>
Assets		
Cash	\$ 120,237	\$ 88,381
Certificates of Deposit	72,048	103,546
Investments	83,745	113,144
Accounts Receivable	32,950	16,750
Deposits – Events	2,000	4,500
Fixed Assets:		
Office Equipment	15,479	14,132
Less: Accumulated Depreciation	<u>(9,971)</u>	<u>(7,728)</u>
Net Fixed Assets	<u>5,508</u>	<u>6,404</u>
Total Assets	<u>\$ 316,488</u>	<u>\$ 332,725</u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ --	\$ 5,500
Deferred Revenue	<u>82,250</u>	<u>38,900</u>
Total Liabilities	82,250	44,400
Net Assets:		
Temporarily Restricted	10,000	36,065
Unrestricted		
Designated for IPRRC	66,897	87,848
Undesignated	<u>157,341</u>	<u>164,412</u>
Total Unrestricted	<u>224,238</u>	<u>252,260</u>
Total Net Assets	<u>234,238</u>	<u>288,325</u>
Total Liabilities and Net Assets	<u>\$ 316,488</u>	<u>\$ 332,725</u>

See accompanying notes.

Statements of Activities
For the Years Ended December 31, 2009 and 2008
Institute for Public Relations

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue:						
Contributions:						
General	\$ 188,196	\$ 10,000	\$ 198,196	\$ 202,725	\$ 55,400	\$ 258,125
In-Kind	81,789	--	81,789	81,980	--	81,980
Profit Sharing	2,656	--	2,656	--	--	--
Sponsorship	9,500	--	9,500	--	--	--
Total Contributions	<u>282,141</u>	<u>10,000</u>	<u>292,141</u>	<u>284,705</u>	<u>55,400</u>	<u>340,105</u>
Event Income:						
Registration Fees	219,321	--	219,321	423,100	--	423,700
Sponsorships	199,563	--	199,563	56,900	--	56,900
In-Kind Contributions	2,500	--	2,500	5,000	--	5,000
Total Event Income	<u>421,384</u>	<u>--</u>	<u>421,384</u>	<u>485,000</u>	<u>--</u>	<u>485,000</u>
Registration Fees – Other						
Programs	2,700	--	2,700	1,200	--	1,200
Interest and Investment Income	3,286	--	3,286	8,375	--	8,375
Reclassifications	<u>36,065</u>	<u>(36,065)</u>	<u>--</u>	<u>101,687</u>	<u>(101,687)</u>	<u>--</u>
Total Revenues	745,576	(26,065)	719,511	880,967	(46,287)	834,680
Expenses:						
Program:						
Research	129,483	--	129,483	208,542	--	208,542
Educational Programs	321,678	--	321,678	406,773	--	406,773
Education and Industry						
Affairs	<u>147,093</u>	<u>--</u>	<u>147,093</u>	<u>141,510</u>	<u>--</u>	<u>141,510</u>
Total Program	<u>598,254</u>	<u>--</u>	<u>598,254</u>	<u>756,825</u>	<u>--</u>	<u>756,825</u>
Management and General	121,104	--	121,104	114,858	--	114,858
Fundraising	<u>54,240</u>	<u>--</u>	<u>54,240</u>	<u>55,432</u>	<u>--</u>	<u>55,432</u>
Total Expenses	<u>773,598</u>	<u>--</u>	<u>773,598</u>	<u>927,115</u>	<u>--</u>	<u>927,115</u>
Change in Net Assets	(28,022)	(26,065)	(54,087)	(46,148)	(46,287)	(92,435)
Net Assets, Beginning of Year	<u>252,260</u>	<u>36,065</u>	<u>288,325</u>	<u>298,408</u>	<u>82,352</u>	<u>380,760</u>
Net Assets, End of Year	<u>\$ 224,238</u>	<u>\$ 10,000</u>	<u>\$ 234,238</u>	<u>\$ 252,260</u>	<u>\$ 36,065</u>	<u>\$ 288,325</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2009
Institute for Public Relations

	Program			Support		Total
	Research	Education	Education & Industry Affairs	Management And General	Fund Raising	
Accounting	\$ --	\$ --	\$ --	\$ 9,190	\$ --	\$ 9,190
Awards	22,414	611	93	--	--	23,118
Bank Service Charges	35	43	98	232	--	408
Conference Fees	1,405	1,405	1,405	--	467	4,682
Consulting Services	--	--	--	600	--	600
Credit Card Merchant Fees	--	6,953	1,346	1,144	--	9,443
Depreciation	494	494	494	494	268	2,244
Dues and Subscriptions	1,201	1,201	1,201	1,201	655	5,459
Fees	--	45	--	248	--	293
Forum Director Fees	--	50,000	--	--	--	50,000
Gifts	37	37	37	37	18	166
Graphic Artist	--	--	--	2,009	--	2,009
Insurance	784	784	784	784	429	3,565
Meeting/Event Costs	--	146,243	47,523	2,259	--	196,025
Office Supplies	1,025	1,025	1,025	1,025	559	4,659
Payroll Expenses	62,957	62,957	62,957	62,957	34,339	286,167
Postage and Delivery	--	943	35	2,117	422	3,517
Printing and Reproduction	--	1,342	439	479	--	2,260
Professional Services	2,799	2,799	2,799	2,799	1,526	12,722
Program Profit Sharing	--	15,538	--	--	--	15,538
Rent	2,130	2,130	2,130	2,130	1,160	9,680
Research Projects	9,500	--	--	--	--	9,500
Software	--	2,426	25	6,697	1,247	10,395
Sponsor Expense	1,100	1,100	1,100	1,100	600	5,000
Telephone	1,403	1,403	1,403	1,403	765	6,377
Travel & Entertainment	10,680	10,680	10,680	10,680	5,501	48,221
Web Site	11,519	11,519	11,519	11,519	6,284	52,360
Total Expenses	\$ 129,483	\$ 321,678	\$ 147,093	\$ 121,104	\$ 54,240	\$ 773,598

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.

Statements of Cash Flows
For the Years Ended December 31, 2009 and 2008
Institute for Public Relations

	<u>2009</u>	<u>2008</u>
Operating Activities:		
Receipts:		
Contributions	\$ 200,696	\$ 258,525
Event Receipts	422,383	464,396
Other Receipts	3,287	8,375
Total Receipts	<u>626,366</u>	<u>731,296</u>
Cash Disbursements	<u>(654,060)</u>	<u>(834,635)</u>
Net Cash Used in Operating Activities	<u>(27,694)</u>	<u>(103,339)</u>
Investing Activities:		
Purchases of Fixed Assets	(1,347)	--
Redemptions of Certificates of Deposit	103,546	200,918
Purchases of Certificates of Deposit	(72,048)	(204,978)
Sale of Other Investments	29,399	50,000
Purchase of Other Investments	--	(51,294)
Net Cash Provided by (Used in) Investing Activities	<u>59,550</u>	<u>(5,354)</u>
Net Change in Cash	31,856	(108,693)
Cash, Beginning of Year	<u>88,381</u>	<u>197,074</u>
Cash, End of Year	<u>\$ 120,237</u>	<u>\$ 88,381</u>

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

Change in Net Assets		
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities	\$ (54,087)	\$ (92,435)
Depreciation Expense	2,243	2,398
Changes in:		
Accounts Receivable	(16,200)	10,750
Deposits – Events	2,500	5,498
Accounts Payable	(5,500)	--
Deferred Revenue	<u>43,350</u>	<u>(29,550)</u>
Net Cash Provided by Operating Activities	<u>\$ (27,694)</u>	<u>\$ (103,339)</u>

See accompanying notes.

Notes to the Financial Statements
December 31, 2009 and 2008
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. The Institute operates exclusively for charitable purposes.

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 holds no uncertain tax positions and, therefore, has no policy for evaluating them. The Institute's Forms 990, *Return of Organization Exempt from Income Taxes*, for 2005, 2006, 2007, and 2008 are subject to examination by the IRS, generally for 4 years after the date filed.

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 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.

Notes to the Financial Statements
December 31, 2009 and 2008
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, 2009 and 2008
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.

Subsequent Events

The Institute has evaluated events and transactions for potential recognition or disclosure through March 18, 2010, which is the date the financial statements were available to be issued.

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 \$7,569 and \$7,178 in 2009 and 2008, 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 years ended December 31, 2009 and 2008.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Institute paid \$50,000 and \$59,000 in 2009 and 2008, respectively, for educational program services provided by two board members. In addition, the Institute paid board members \$10,000 and \$7,000 in 2009 and 2008, respectively, to conduct research.

NOTE 5 – 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, 2009 and 2008 are approximately \$15,522 and \$35,144, respectively.

NOTE 6 – NET ASSETS

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

	<u>2009</u>	<u>2008</u>
Operations of the Subsequent Year	\$ 10,000	\$ 11,000
Research Projects	--	25,065
Totals	<u>\$ 10,000</u>	<u>\$ 36,065</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>2009</u>	<u>2008</u>
Checking Account	\$ 64,848	\$ 31,910
Certificate of Deposit	36,399	35,222
Due from IPR general accounts	--	39,516
Deferred Revenue	<u>(34,350)</u>	<u>(18,800)</u>
Totals	<u>\$ 66,897</u>	<u>\$ 87,848</u>

Notes to the Financial Statements
December 31, 2009 and 2008
Institute for Public Relations

NOTE 7 – EVENTS

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

	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Profit Sharing</u>	<u>Net</u>
2009				
Education and Industry Affairs:				
International Public Relations Research Conference	\$ 86,000	\$ 62,532	\$ --	\$ 23,468
Educational Programs:				
P.R. Executive Forum	46,800	34,226	3,315	9,259
P.R. Leadership Forum - Atlanta	48,700	28,899	8,332	11,469
P.R. Leadership Forum - San Francisco	45,600	33,507	3,582	8,511
New York Lecture	106,026	56,549	--	49,477
Summit on Measurement	85,673	57,963	--	27,710
Grunig Lecture	2,585	4,141	--	(1,556)
Totals	<u>\$ 421,384</u>	<u>\$ 277,817</u>	<u>\$ 15,229</u>	<u>\$ 128,338</u>
2008				
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>

NOTE 8– IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following:

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
2009				
Services	\$ 41,157	\$ 13,359	\$ 7,484	\$ 62,000
Rent	6,390	2,130	1,160	9,680
Meeting/Event Costs	2,500	--	--	2,500
Miscellaneous	--	10,109	--	10,109
Totals	<u>\$ 50,047</u>	<u>\$ 25,598</u>	<u>\$ 8,644</u>	<u>\$ 84,289</u>
2008				
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>