

Institute for Public Relations

Financial Statements
And
Independent Auditors' Report

December 31, 2010 and 2009

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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, 2010 and 2009, 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, 2010 and 2009 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 27, 2011
Gainesville, Florida

"Not everything that counts can be counted, and not everything that can be counted counts."

- Albert Einstein

Statements of Financial Position
December 31, 2010 and 2009
Institute for Public Relations

| | <u>2010</u> | <u>2009</u> |
|---|--------------------------|--------------------------|
| Assets | | |
| Cash | \$ 75,716 | \$ 120,237 |
| Certificates of Deposit | 36,436 | 72,048 |
| Investments | 108,576 | 83,745 |
| Contributions Receivable | 58,800 | 32,950 |
| Deposits – Events | 1,000 | 2,000 |
| Fixed Assets: | | |
| Office Equipment | 15,479 | 15,479 |
| Less: Accumulated Depreciation | <u>(11,709)</u> | <u>(9,971)</u> |
| Net Fixed Assets | <u>3,770</u> | <u>5,508</u> |
| Total Assets | <u>\$ 284,298</u> | <u>\$ 316,488</u> |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts Payable and Accrued Expenses | \$ 2,102 | \$ -- |
| Deferred Revenue | <u>54,395</u> | <u>82,250</u> |
| Total Liabilities | <u>56,497</u> | <u>82,250</u> |
| Net Assets: | | |
| Temporarily Restricted | 11,455 | 10,000 |
| Unrestricted | | |
| Designated for IPRRC | 77,979 | 66,897 |
| Undesignated | <u>138,367</u> | <u>157,341</u> |
| Total Unrestricted | <u>216,346</u> | <u>224,238</u> |
| Total Net Assets | <u>227,801</u> | <u>234,238</u> |
| Total Liabilities and Net Assets | <u>\$ 284,298</u> | <u>\$ 316,488</u> |

See accompanying notes.

Statements of Activities
For the Years Ended December 31, 2010 and 2009
Institute for Public Relations

| | 2010 | | | 2009 | | |
|--------------------------------------|-------------------------|---------------------------|--------------------------|--------------------------|---------------------------|--------------------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Revenue: | | | | | | |
| Contributions: | | | | | | |
| General | \$ 180,601 | \$ 26,246 | \$ 206,847 | \$ 188,196 | \$ 10,000 | \$ 198,196 |
| In-Kind | 75,342 | -- | 75,342 | 81,789 | -- | 81,789 |
| Profit Sharing | -- | -- | -- | 2,656 | -- | 2,656 |
| Sponsorship | -- | -- | -- | 9,500 | -- | 9,500 |
| Total Contributions | <u>255,943</u> | <u>26,246</u> | <u>282,189</u> | <u>282,141</u> | <u>10,000</u> | <u>292,141</u> |
| Event Income: | | | | | | |
| Registration Fees | 218,313 | -- | 218,313 | 219,321 | -- | 219,321 |
| Sponsorships | 269,346 | -- | 269,346 | 199,563 | -- | 199,563 |
| In-Kind Contributions | -- | -- | -- | 2,500 | -- | 2,500 |
| Total Event Income | <u>487,659</u> | <u>--</u> | <u>487,659</u> | <u>421,384</u> | <u>--</u> | <u>421,384</u> |
| Registration Fees – Other | | | | | | |
| Programs | -- | -- | -- | 2,700 | -- | 2,700 |
| Interest and Investment Income | 345 | -- | 345 | 3,286 | -- | 3,286 |
| Reclassifications | <u>24,791</u> | <u>(24,791)</u> | <u>--</u> | <u>36,065</u> | <u>(36,065)</u> | <u>--</u> |
| Total Revenues | 768,738 | 1,455 | 770,193 | 745,576 | (26,065) | 719,511 |
| Expenses: | | | | | | |
| Program: | | | | | | |
| Research | 107,342 | -- | 107,342 | 129,483 | -- | 129,483 |
| Educational Programs | 357,818 | -- | 357,818 | 321,678 | -- | 321,678 |
| Education and Industry | -- | -- | -- | -- | -- | -- |
| Affairs | <u>146,487</u> | <u>--</u> | <u>146,487</u> | <u>147,093</u> | <u>--</u> | <u>147,093</u> |
| Total Program | 611,647 | -- | 611,647 | 598,254 | -- | 598,254 |
| Management and General | 119,198 | -- | 119,198 | 121,104 | -- | 121,104 |
| Fundraising | <u>45,785</u> | <u>--</u> | <u>45,785</u> | <u>54,240</u> | <u>--</u> | <u>54,240</u> |
| Total Expenses | <u>776,630</u> | <u>--</u> | <u>776,630</u> | <u>773,598</u> | <u>--</u> | <u>773,598</u> |
| Change in Net Assets | (7,892) | 1,455 | (6,437) | (28,022) | (26,065) | (54,087) |
| Net Assets, Beginning 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> |
| Net Assets, End of Year | <u>\$216,346</u> | <u>\$11,455</u> | <u>\$ 227,801</u> | <u>\$ 224,238</u> | <u>\$ 10,000</u> | <u>\$ 234,238</u> |

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2010
Institute for Public Relations

| | Program | | | Support | | Total |
|---------------------------|-------------------|-------------------|------------------------------|------------------------|------------------|-------------------|
| | Research | Education | Education & Industry Affairs | Management And General | Fund Raising | |
| Accounting | \$ -- | \$ -- | \$ -- | \$ 15,600 | \$ -- | \$ 15,600 |
| Awards | 19,895 | -- | -- | -- | -- | 19,895 |
| Bank Service Charges | -- | -- | 124 | 97 | -- | 221 |
| Conference Fees | 1,267 | 1,267 | 1,267 | -- | 422 | 4,223 |
| Credit Card Merchant Fees | -- | 6,496 | 1,808 | 1,688 | -- | 9,992 |
| Depreciation | 382 | 382 | 382 | 383 | 209 | 1,738 |
| Dues and Subscriptions | 679 | 679 | 679 | 679 | 372 | 3,088 |
| Fees | -- | -- | -- | 921 | -- | 921 |
| Forum Director Fees | -- | 40,000 | 10,000 | -- | -- | 50,000 |
| Insurance | 1,542 | 1,542 | 1,542 | 1,542 | 841 | 7,009 |
| Meeting/Event Costs | -- | 186,010 | 49,586 | 2,956 | -- | 238,552 |
| Office Supplies | 1,255 | 1,255 | 1,255 | 1,255 | 684 | 5,704 |
| Payroll Expenses | 60,660 | 60,660 | 60,660 | 60,660 | 33,086 | 275,726 |
| Postage and Delivery | -- | 1,647 | 90 | 549 | 299 | 2,585 |
| Printing and Reproduction | -- | 734 | 444 | 549 | 236 | 1,963 |
| Professional Services | -- | 937 | 938 | 320 | -- | 2,195 |
| Program Profit Sharing | -- | 38,547 | -- | -- | -- | 38,547 |
| Rent | 3,098 | 3,098 | 3,098 | 3,098 | 1,688 | 14,080 |
| Research Projects | 4,000 | -- | -- | -- | -- | 4,000 |
| Software | -- | -- | 50 | 4,617 | -- | 4,667 |
| Telephone | 667 | 667 | 667 | 667 | 366 | 3,034 |
| Travel | -- | -- | -- | 9,720 | -- | 9,720 |
| Web Site | 13,897 | 13,897 | 13,897 | 13,897 | 7,582 | 63,170 |
| Total Expenses | \$ 107,342 | \$ 357,818 | \$146,487 | \$ 119,198 | \$ 45,785 | \$ 776,630 |

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 | 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.

Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009
Institute for Public Relations

| | <u>2010</u> | <u>2009</u> |
|--|------------------|-------------------|
| Operating Activities: | | |
| Receipts: | | |
| Contributions | \$ 180,998 | \$ 200,696 |
| Event Receipts | 459,804 | 422,383 |
| Other Receipts | 345 | 3,287 |
| Total Receipts | 641,147 | 626,366 |
| Cash Disbursements | (696,449) | (654,060) |
| Net Cash Used in Operating Activities | (55,302) | (27,694) |
| Investing Activities: | | |
| Purchases of Fixed Assets | -- | (1,347) |
| Redemptions of Certificates of Deposit | 35,612 | 103,546 |
| Purchases of Certificates of Deposit | -- | (72,048) |
| Sale of Other Investments | -- | 29,399 |
| Purchases of Other Investments | (24,831) | -- |
| Net Cash Provided by (Used in) Investing Activities | 10,781 | 59,550 |
| Net Change in Cash | (44,521) | 31,856 |
| Cash, Beginning of Year | 120,237 | 88,381 |
| Cash, End of Year | \$ 75,716 | \$ 120,237 |

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 | \$ (6,437) | \$ (54,087) |
| Depreciation Expense | 1,738 | 2,243 |
| Changes in: | | |
| Contributions Receivable | (25,850) | (16,200) |
| Deposits – Events | 1,000 | 2,500 |
| Accounts Payable | 2,102 | (5,500) |
| Deferred Revenue | (27,855) | 43,350 |
| Net Cash Provided by Operating Activities | \$ (55,302) | \$ (27,694) |

See accompanying notes.

Notes to the Financial Statements
December 31, 2010 and 2009
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. 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 not a 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 Form 990, *Return of Organization Exempt from Income Taxes*, is 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.

Contributions Receivable

The Institute records contributions receivable 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.

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.

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 April 27, 2011, 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 \$6,119 and \$7,569 in 2010 and 2009, 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, 2010 and 2009.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Institute paid \$50,000 and \$50,000 in 2010 and 2009, respectively, for educational program services provided by two board members. In addition, the Institute paid board members \$10,000 in 2009 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, 2010 and 2009 are approximately \$0 and \$15,522 respectively.

NOTE 6 – NET ASSETS

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

| | <u>2010</u> | <u>2009</u> |
|-----------------------------------|-----------------|------------------|
| Operations of the Subsequent Year | \$6,455 | \$ 10,000 |
| Research Projects | 5,000 | -- |
| Totals | <u>\$11,455</u> | <u>\$ 10,000</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>2010</u> | <u>2009</u> |
|------------------------|-----------------|------------------|
| Checking Account | 61,576 | \$ 64,848 |
| Certificate of Deposit | 36,436 | 36,399 |
| Deferred Revenue | <u>(20,033)</u> | <u>(34,350)</u> |
| Totals | <u>77,979</u> | <u>\$ 66,897</u> |

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> |
|--|------------------|------------------------|-----------------------|-------------------|
| 2010 | | | | |
| Education and Industry Affairs: | | | | |
| International Public Relations | | | | |
| Research Conference | \$ 91,950 | \$ 70,868 | \$ -- | \$ 21,082 |
| Educational Programs: | | | | |
| P.R. Executive Forum | 48,900 | 24,449 | 8,558 | 15,893 |
| P.R. Leadership Forum - February | 58,850 | 31,373 | 10,560 | 16,917 |
| P.R. Leadership Forum - Two | 50,700 | 25,866 | 11,485 | 13,349 |
| New York Lecture | 108,789 | 46,518 | -- | 62,271 |
| Summit on Measurement | 70,050 | 51,065 | -- | 18,985 |
| Grunig Lecture | 8,475 | 25 | -- | 8,450 |
| European Colloquium | 34,945 | 30,280 | -- | 4,665 |
| Strategic Summit | 15,000 | 1,107 | 7,944 | 5,949 |
| Totals | <u>\$487,659</u> | <u>\$281,551</u> | <u>\$ 38,547</u> | <u>\$ 167,561</u> |

| | <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> |

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> |
|---------------------|------------------|-------------------------------|--------------------|------------------|
| 2010 | | | | |
| Services | \$ 34,320 | \$ 11,440 | \$ 6,240 | \$52,000 |
| Rent | 9,293 | 3,098 | 1,689 | 14,080 |
| Miscellaneous | 6,113 | 2,038 | 1,111 | 9,262 |
| Totals | <u>\$49,726</u> | <u>\$16,576</u> | <u>\$9,040</u> | <u>\$75,342</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> |