

Institute for Public Relations

Financial Statements
And
Independent Auditors' Report

December 31, 2013 and 2012

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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

Report on the Financial Statements

We have audited the accompanying financial statements of the Institute for Public Relations, which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements. Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility.

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kattell and Company, P.L.

April 2, 2014
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, 2013 and 2012
Institute for Public Relations

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 542,132	\$ 326,907
Contributions Receivable	16,000	67,500
Accounts Receivable	9,400	--
Prepaid Expenses	4,000	--
Fixed Assets:		
Office Equipment	--	1,347
Less: Accumulated Depreciation	--	(806)
Net Fixed Assets	<u>--</u>	<u>541</u>
Total Assets	<u>\$ 571,532</u>	<u>\$ 394,948</u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 12,174	\$ 15,389
Deferred Revenue	<u>--</u>	<u>5,000</u>
Total Liabilities	12,174	20,389
Net Assets:		
Temporarily Restricted	--	14,000
Unrestricted	<u>559,358</u>	<u>360,559</u>
Total Net Assets	<u>559,358</u>	<u>374,559</u>
Total Liabilities and Net Assets	<u>\$ 571,532</u>	<u>\$ 394,948</u>

See accompanying notes.

Statements of Activities
For the Years Ended December 31, 2013 and 2012
Institute for Public Relations

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue:						
Contributions:						
General	\$ 397,595	\$ --	\$ 397,595	\$ 312,752	\$ 38,000	\$ 350,752
In-Kind	147,180	--	147,180	134,425	--	134,425
Total Contributions	<u>544,775</u>	<u>--</u>	<u>544,775</u>	<u>447,177</u>	<u>--</u>	<u>485,177</u>
Event Income:						
Registration Fees & Sponsorships	327,855	--	327,855	261,200	--	261,200
In-Kind Contributions	21,460	--	21,460	4,650	--	4,650
Total Event Income	<u>349,315</u>	<u>--</u>	<u>349,315</u>	<u>265,850</u>	<u>--</u>	<u>265,850</u>
Interest and Investment Income	24	--	24	42	--	42
Reclassifications	14,000	(14,000)	--	46,250	(46,250)	--
Total Revenues	908,114	(14,000)	894,114	759,319	(8,250)	751,069
Expenses:						
Program:						
Research	351,071	--	351,071	325,999	--	325,999
Education	270,671	--	270,671	193,016	--	193,016
Total Program	<u>621,742</u>	<u>--</u>	<u>621,742</u>	<u>519,015</u>	<u>--</u>	<u>519,015</u>
Management and General	56,855	--	56,855	50,744	--	50,744
Fundraising	30,718	--	30,718	25,942	--	25,942
Total Expenses	709,315	--	709,315	595,701	--	595,701
Change in Net Assets	198,799	(14,000)	184,799	163,618	(8,250)	155,368
Net Assets, Beginning of Year	360,559	14,000	374,559	196,941	22,250	219,191
Net Assets, End of Year	\$ 559,358	\$ --	\$ 559,358	\$ 360,559	\$ 14,000	\$ 374,559

See accompanying notes.

Statements of Functional Expenses
For the Years Ended December 31, 2013 and 2012
Institute for Public Relations

	<u>PROGRAM SERVICES</u>		<u>SUPPORTING ACTIVITIES</u>		<u>Total</u>
	<u>Research</u>	<u>Education</u>	Management And <u>General</u>	<u>Fund Raising</u>	
2013					
Accounting	\$ --	\$ --	\$ 10,780	\$ --	\$ 10,780
Awards	10,460	--	--	--	10,460
Bank and Merchant Fees	1,935	564	202	135	2,836
Conference Fees	2,244	748	449	299	3,740
Depreciation	324	108	65	44	541
Dues and Subscriptions	1,779	593	356	238	2,966
Forum Director Fees	--	20,000	--	--	20,000
Insurance	2,213	738	443	295	3,689
Meeting/Event Costs	--	152,902	--	--	152,902
Office Supplies	3,529	1,122	646	431	5,728
Payroll Expenses	147,519	49,173	29,504	19,669	245,865
Postage and Delivery	306	102	61	41	510
Professional Services	16,108	2,151	545	364	19,168
Program Profit Sharing	--	18,784	--	--	18,784
Rent	8,448	2,816	1,690	1,126	14,080
Research Projects	94,900	--	--	--	94,900
Software	2,363	787	473	315	3,938
Telephone	1,623	530	318	212	2,683
Travel	15,920	5,753	3,044	2,028	26,745
Web Site	41,400	13,800	8,279	5,521	69,000
Total Expenses	\$ 351,071	\$ 270,671	\$ 56,855	\$ 30,718	\$ 709,315
2012					
Accounting	\$ --	\$ --	\$ 11,825	\$ --	\$ 11,825
Awards	5,244	--	--	--	5,244
Bank and Merchant Fees	750	146	88	58	1,042
Conference Fees	1,819	606	364	242	3,031
Depreciation	162	54	32	21	269
Dues and Subscriptions	2,078	693	416	277	3,464
Forum Director Fees	--	10,000	--	--	10,000
Insurance	4,219	1,406	844	562	7,031
Meeting/Event Costs	252	109,197	50	34	109,533
Office Supplies	1,026	342	205	136	1,709
Payroll Expenses	125,392	41,797	25,078	16,719	208,986
Postage and Delivery	273	91	55	36	455
Printing and Reproduction	300	100	60	40	500
Professional Services	3,621	1,892	623	415	6,551
Program Profit Sharing	--	8,066	--	--	8,066
Rent	8,448	2,816	1,690	1,126	14,080
Research Projects	123,509	--	--	--	123,509
Software	1,851	697	346	231	3,125
Telephone	2,112	704	422	282	3,520
Travel	15,669	4,651	2,791	1,860	24,971
Web Site	29,274	9,758	5,855	3,903	48,790
Total Expenses	\$ 325,999	\$ 193,016	\$ 50,744	\$ 25,942	\$ 595,701

See accompanying notes.

Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012
Institute for Public Relations

	<u>2013</u>	<u>2012</u>
Operating Activities:		
Receipts:		
Contributions	\$ 449,095	\$ 348,778
Event Revenues	313,455	266,200
Other	24	42
Total Receipts	762,574	615,020
Cash Disbursements	(547,349)	(442,367)
Net Cash from Operating Activities	215,225	172,653
Cash, Beginning of Year	326,907	154,254
Cash, End of Year	\$ 542,132	\$ 326,907

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

Change in Net Assets	\$ 184,799	\$ 155,368
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	541	269
Changes in:		
Contributions Receivable	51,500	(1,974)
Accounts Receivable	(9,400)	--
Prepaid Expenses	(4,000)	--
Accounts Payable	(3,215)	13,990
Deferred Revenue	(5,000)	5,000
Net Cash from Operating Activities	\$ 215,225	\$ 172,653

See accompanying notes.

Notes to the Financial Statements
December 31, 2013 and 2012
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 three years after the date filed.

Cash

Cash consists of deposits in financial institutions and one investment in a money market mutual fund. The investment in the mutual fund is 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. All contributions are expected to be collected in the next year.

Fixed Assets

The Institute capitalizes office equipment costing more than \$5,000. Depreciation of office equipment is computed using the straight-line method over estimated useful lives of five years.

Notes to the Financial Statements
December 31, 2013 and 2012
Institute for Public Relations

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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 7 for more details. The Institute also receives services from board members and other volunteers whose contributions are central to its mission. However, these services do not meet all of the criteria for recognition in financial statements.

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 many 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.

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.

Notes to the Financial Statements
December 31, 2013 and 2012
Institute for Public Relations

NOTE 2 – RETIREMENT PLAN

The Institute offers a retirement plan covering all employees. The Institute provides up to 3% of salary as a match for employee contributions to the plan. The Institute’s contribution to the plan was \$6,621 and \$5,709 in 2013 and 2012, respectively.

NOTE 3 – CONCENTRATIONS

The Institute holds deposits of cash in two separate financial institutions. At December 31, 2013 and 2012, deposits exceeded the Federal Deposit Insurance Corporation (FDIC) limits by \$185,007 and \$0, respectively.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Institute paid \$33,500 and \$44,000 in 2013 and 2012, respectively, for research and educational program services provided by two board members.

NOTE 5 – NET ASSETS

Temporarily restricted net assets consist of cash donations restricted to research projects.

NOTE 6 – EVENTS

The following tables display the receipts and disbursements of the Institute’s events:

	<u>Receipts</u>	Direct <u>Disbursements</u>	Profit <u>Sharing</u>	<u>Net</u>
2013				
Educational Programs:				
P.R. Leadership Forum	\$ 87,400	\$ 48,737	\$ 18,784	\$ 19,879
New York Lecture	127,500	45,422	--	82,078
Summit on Measurement	12,600	15,970	--	(3,370)
International Colloquium	103,815	58,131	--	45,684
Trustees Research Symposium	18,000	6,535	--	11,465
Totals	<u>\$ 349,315</u>	<u>\$ 174,795</u>	<u>\$ 18,784</u>	<u>\$ 155,736</u>

	<u>Receipts</u>	Direct <u>Disbursements</u>	Profit <u>Sharing</u>	<u>Net</u>
2012				
Educational Programs:				
P.R. Leadership Forum	\$ 44,850	\$ 26,145	\$ 8,066	\$ 10,639
New York Lecture	157,750	49,366	--	108,384
Summit on Measurement	3,250	2,948	--	302
International Colloquium	60,000	41,461	--	18,539
Totals	<u>\$ 265,850</u>	<u>\$ 119,920</u>	<u>\$ 8,066</u>	<u>\$ 137,864</u>

Notes to the Financial Statements
December 31, 2013 and 2012
Institute for Public Relations

NOTE 7 – IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following:

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
	2013			
Meeting/Event Costs	\$ 4,660	\$ --	\$ --	\$ 4,660
Professional Services	7,800	--	--	7,800
Rent	27,064	1,690	1,126	29,880
Research Projects	57,300	--	--	57,300
Web Site	55,200	8,280	5,520	69,000
Totals	<u>\$ 152,024</u>	<u>\$ 9,970</u>	<u>\$ 6,646</u>	<u>\$ 168,640</u>
	2012			
Dues and Subscriptions	\$ 156	\$ 23	\$ 16	\$ 195
Meeting/Event Costs	4,650	--	--	4,650
Professional Services	592	89	59	740
Rent	11,264	1,690	1,126	14,080
Research Projects	72,983	--	--	72,983
Web Site	37,142	5,571	3,714	46,427
Totals	<u>\$ 126,787</u>	<u>\$ 7,373</u>	<u>\$ 4,915</u>	<u>\$ 139,075</u>

NOTE 8 – SUBSEQUENT EVENTS

The Institute has evaluated events and transactions for potential recognition or disclosure through April 4, 2014, which is the date the financial statements were available to be issued. There were no subsequent events which require disclosure.