

**The Public Relations Society
of America Foundation, Inc.**

Financial Statements
For Year Ended
December 31, 2015

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Independent Auditors' Report

Board of Directors The Public Relations Society of America Foundation, Inc.

We have audited the accompanying financial statements of The Public Relations Society of America Foundation, Inc. (a non-profit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Public Relations Society of America Foundation, Inc. (a non-profit organization), as of December 31, 2015 and 2014 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.

PKF O'Connor Davies, LLP

April 21, 2016

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**The Public Relations Society
of America Foundation, Inc.**

Statements of Financial Position

	December 31	
	2015	2014
ASSETS		
Cash and cash equivalents	\$ 298,313	\$ 124,275
Investments	485,150	588,005
Pledges receivable	13,500	2,500
Prepaid expenses and other assets	14,484	15,511
Equipment, net	1,474	2,014
Total Assets	\$ 812,921	\$ 732,305
 LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable	\$ 111,094	\$ 25,000
Accrued expenses	18,200	12,000
Amounts due to related organization	12,524	2,427
Total Liabilities	141,818	39,427
Net Assets		
Unrestricted	345,858	309,632
Temporarily restricted	74,333	121,710
Permanently restricted	250,912	261,536
Total Net Assets	671,103	692,878
Total Liabilities And Net Assets	\$ 812,921	\$ 732,305

See notes to financial statements

**The Public Relations Society
of America Foundation, Inc.**

Statements of Activities

	Year Ended December 31	
	2015	2014
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues, Gains and Other Support		
Contributions	\$ 282,112	\$ 289,795
Investment income	1,666	996
Miscellaneous income	2,755	263
Net assets released from restrictions	285,084	44,417
Total Revenues, Gains and Other Support	571,617	335,471
EXPENSES		
Programs		
Grants and scholarships	308,507	61,600
Other program expenses	63,186	45,113
Management and general	163,698	136,576
Total Expenses	535,391	243,289
Increase in Unrestricted Net Assets	36,226	92,182
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	225,753	47,722
Investment income	491	7,088
Transfer to permanently restricted net assets	-	(23,590)
Net assets released from restrictions	(273,621)	(32,290)
(Decrease) in Temporarily Restricted Net Assets	(47,377)	(1,070)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions	251	3,249
Investment income	588	18,298
Transfer from temporarily restricted net assets	-	23,590
Net assets released from restrictions	(11,463)	(12,127)
(Decrease) Increase in Permanently Restricted Net Assets	(10,624)	33,010
Net (Decrease) Increase in Net Assets	(21,775)	124,122
Net assets, at beginning of year	692,878	568,756
Net assets, at end of year	\$ 671,103	\$ 692,878

See notes to financial statements

**The Public Relations Society
of America Foundation, Inc.**

Statements of Cash Flows

	Year Ended December 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Decrease) Increase in Net Assets	\$ (21,775)	\$ 124,122
Adjustments to reconcile net (decrease) increase in net assets to net cash provided by operating activities		
Realized (gain)	(14,578)	(12,209)
Unrealized loss (gain)	14,135	(16,962)
Depreciation	540	388
Changes in Certain Assets And Liabilities		
Pledges receivable	(11,000)	(1,305)
Amounts due to related organization	10,097	8,260
Prepaid expenses and other assets	1,027	(108)
Accrued expenses	6,200	-
Grants payable	86,094	(32,086)
Total Adjustments	92,515	(54,022)
Net Cash Provided by Operating Activities	70,740	70,100
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	(100,000)	(100,000)
Proceeds from certificates of deposit	200,000	-
Proceeds from sales of investments	286,683	200,670
Purchases of investments	(283,385)	(204,604)
Purchase of equipment	-	(913)
Net Cash Provided (Used) by Investing Activities	103,298	(104,847)
Net Increase (Decrease) in Cash	174,038	(34,747)
Cash at beginning of year	124,275	159,022
Cash at end of year	\$ 298,313	\$ 124,275

See notes to financial statements

**The Public Relations Society
of America Foundation, Inc.**

Notes to Financial Statements
December 31, 2015

1. Organization

The Public Relations Society of America Foundation, Inc. (the "Foundation") is a publicly supported organization established in 1990 to foster, sponsor and conduct research, education and continuing education in public relations. The accompanying financial statements have been prepared from the separate records maintained by the Foundation.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Foundation prepares its financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of the financial statements in conformity with US GAAP 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.

Net Asset Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Unrestricted net assets do not have donor-imposed restrictions. Temporarily restricted net assets are subject to donor restrictions that are expected to be satisfied by passage of time or actions of the Foundation. Permanently restricted net assets contain donor-imposed restrictions that stipulate that resource be maintained permanently, but permit the Foundation to use or expend part of or all of the income derived from the donated amounts for a specified purpose.

Cash Equivalents

The Foundation considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

Income Taxes

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation follows the accounting guidance for uncertainty in income taxes which provides a recognition threshold and measurement attribute for the financial statement recognition of a tax position taken or expected to be taken in a tax return. Using this guidance, an entity may recognize a tax benefit from an uncertain tax position in its financial statements only if it is more likely-than-not (i.e. a likelihood of more than 50%) that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

**The Public Relations Society
of America Foundation, Inc.**

Notes to Financial Statements
December 31, 2015

2. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

Tax years since 2012 remain open to examination. There are currently no examinations in progress.

Contributions and Receivables

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized as revenue until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at the estimated fair value.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted revenues.

Contributed Services

Numerous unpaid volunteers, including Members of the Board of Directors, have made significant contributions of their time to develop the Foundation's programs and assist in administration; however, since the services do not require specialized skills and do not enhance non-financial assets, no amounts have been reflected in these financial statements. It is not practicable to measure the value of these services.

Investments

Investments in marketable securities are stated at fair value.

Equipment

Equipment is stated at cost. Depreciation is provided on a straight-line basis over the useful life of the assets, which is 5 years. Depreciation expense amounted to \$540 and \$388 as of December 31, 2015 and 2014, respectively. Accumulated depreciation amounted to \$1,226 and \$686 as of December 31, 2015 and 2014, respectively.

3. Investments

The Foundation records its investments at fair value with related gains and losses reflected in the statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

The Foundation allocates income derived from its investment account to only its restricted funds. Other investment income is allocated to its unrestricted funds. All allocations have been properly reflected in each respective net asset balance.

**The Public Relations Society
of America Foundation, Inc.**

Notes to Financial Statements
December 31, 2015

3. Investments (continued)

Investments at December 31 consist of the following:

	<u>2015</u> <u>Fair Value</u>	<u>2014</u> <u>Fair Value</u>
Type of investment		
Common stocks	\$ 232,591	\$ 233,594
U.S. government securities	152,559	154,411
Certificates of deposit	100,000	200,000
	<u>\$ 485,150</u>	<u>\$ 588,005</u>

The fair value of investments exceeded the cost by \$44,522 and \$58,657 at December 31, 2015 and 2014, respectively.

Investment income (loss) consists of the following:

	<u>2015</u>	<u>2014</u>
Dividends and interest	\$ 8,327	\$ 8,160
Realized gain	14,578	12,209
Unrealized (loss)/gain	(14,135)	16,962
Investment fees	<u>(6,025)</u>	<u>(10,949)</u>
	<u>\$ 2,745</u>	<u>\$ 26,382</u>

The Foundation follows US GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

**The Public Relations Society
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Notes to Financial Statements
December 31, 2015

3. Investments (continued)

The following include major categories of investments measured at fair value, grouped by the fair value hierarchy, on a recurring basis, and certificates of deposit valued at cost as of December 31:

<u>Description</u>	2015			<u>Total</u>
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
EQUITY SECURITIES				
Common stocks	\$ 232,591	\$ -	\$ -	\$ 232,591
FIXED INCOME SECURITIES				
U.S. government securities	-	152,559	-	152,559
	<u>\$ 232,591</u>	<u>\$ 152,559</u>	<u>\$ -</u>	385,150
Certificates of deposit				<u>100,000</u>
Total Investments				<u>\$ 485,150</u>
	2014			
<u>Description</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	<u>Total</u>
EQUITY SECURITIES				
Common stocks	\$ 233,594	\$ -	\$ -	\$ 233,594
FIXED INCOME SECURITIES				
U.S. government securities	-	154,411	-	154,411
	<u>\$ 233,594</u>	<u>\$ 154,411</u>	<u>\$ -</u>	388,005
Certificates of deposit				<u>200,000</u>
Total Investments				<u>\$ 588,005</u>

**The Public Relations Society
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Notes to Financial Statements
December 31, 2015

4. Related Party Transactions

The Public Relations Society of America, Inc. National Headquarters (the "Society") is an individual member society comprised of public relations practitioners from the private industry, organized to improve the profession and practice of public relations. The Society and the Foundation are individual entities that have interrelated directors and share common facilities.

On behalf of the Foundation, the Society collects revenues from its members that have been designated for the Foundation and performs other duties and functions for the Foundation. The Foundation was charged management fees by the Society totaling \$25,000 for each of the years ended December 31, 2015 and 2014 for such services. In addition, the Society allocates various expenses to the Foundation based on usage. At December 31, 2015 and 2014, amounts due to the Society amounted to \$12,524 and \$2,427, respectively.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets represent gifts restricted by donors for the following programs or purposes:

	December 31	
	2015	2014
Scholarships	\$ 74,333	\$ 119,636
Pat Jackson Memorial Fund	-	2,074
	<u>\$ 74,333</u>	<u>\$ 121,710</u>

During 2015 and 2014, \$273,621 and \$32,290, respectively, were released from restriction and utilized for their intended purpose.

During 2014, \$23,590 of restricted net assets were transferred and reclassified between temporarily and permanently restricted net assets.

6. Permanently Restricted Net Assets

As of December 31, 2015 and 2014, permanently restricted net assets represent gifts to be held in perpetuity, the income on which is to be used to fund scholarships. During 2015 and 2014, income of \$11,463 and \$12,127, respectively, were released and used to fund scholarships.

7. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 21, 2016.

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