

To the Board of Directors
The International Paruresis
Association, Inc.
Baltimore, Maryland

We have reviewed the accompanying statements of financial position of The International Paruresis Association, Inc. (a non-profit corporation) as of December 31, 2003, and the related statements of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of The International Paruresis Association, Inc.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Ira Marc Miller & Co., P.A.

April 18, 2004

THE INTERNATIONAL PARURESIS ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2003

ASSETS	<u>2003</u>
CURRENT ASSETS	
Cash - unrestricted	\$ 18,002
Other receivable	-
Prepaid rent	<u>350</u>
 Total current assets	 18,352
 PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$400	 <u>1,600</u>
 Total assets	 <u>\$ 19,952</u>
 LIABILITIES AND NET ASSETS	
 CURRENT LIABILITIES	 \$ -
 NET ASSETS - UNRESTRICTED	 <u>19,952</u>
 Total liabilities and net assets	 <u>\$ 19,952</u>

See accountants' review report and notes to financial statements.

THE INTERNATIONAL PARURESIS ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Unrestricted</u>
	<u>2003</u>
REVENUE	
Contributions	\$ 78,635
Workshops	45,472
Interest income	<u>178</u>
 Total revenue	 <u>124,285</u>
 FUNCTIONAL EXPENSES	
Program services	121,970
Management and general	9,851
Fund development	<u>6,107</u>
 Total functional expenses	 <u>137,928</u>
 Increase (decrease) in net assets	 (13,643)
 NET ASSETS - Unrestricted	
Beginning of year	<u>33,595</u>
 End of year	 \$ <u><u>19,952</u></u>

See accountants' review report and notes to financial statements.

THE INTERNATIONAL PARURESIS ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Program services</u>	<u>Management and general</u>	<u>Fund Development</u>	<u>Total</u>
FUNCTIONAL EXPENSES				
Board retreat	\$ 740	\$ -	\$ -	\$ 740
Books and pamphlets	1,618	-	-	1,618
Consultant fees	11,017	-	-	11,017
Depreciation	320	80	-	400
Insurance	1,726	431	-	2,157
Internet services	569	63	-	632
Meals/dining	909	-	-	909
Office supplies and expenses	5,625	991	-	6,616
Payroll taxes	3,869	461	276	4,606
Postage	232	29	29	290
Professional affiliations	1,596	-	-	1,596
Public relations	-	-	1,876	1,876
Rent	3,425	856	-	4,281
Salaries	50,773	6,020	3,415	60,208
Subscriptions	607	-	-	607
Telephone	4,088	512	511	5,111
Training	439	-	-	439
Travel	4,322	-	-	4,322
Utilities	1,628	408	-	2,036
Video production	1,550	-	-	1,550
Website	1,195	-	-	1,195
Workshop expense	25,722	-	-	25,722
	<u>\$ 121,970</u>	<u>\$ 9,851</u>	<u>\$ 6,107</u>	<u>\$ 137,928</u>

See accountants' review report and notes to financial statements.

THE INTERNATIONAL PARURESIS ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ <u>(13,643)</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities	
Depreciation	400
Decrease (increase) in current assets	
Other receivable	165
Prepaid rent	-
Decrease in current liabilities	
Accrued expenses	<u>-</u>
Total adjustments	<u>565</u>
Net cash provided by (used in) operating activities	<u>(13,078)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Office furniture and equipment	<u>(2,000)</u>
Total cash used in investing activities	<u>(2,000)</u>
Net increase (decrease) in cash	(15,078)
CASH	
Beginning of year	<u>33,080</u>
End of year	\$ <u><u>18,002</u></u>

See accountants' review report and notes to financial statements.

THE INTERNATIONAL PARURESIS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - ORGANIZATION

The International Paruresis Association, Inc. (IPA) is an organization formed in 1996 to educate the public about paruresis, to be a clearinghouse and resource for treatment referrals, to facilitate the establishment of support groups, and to promote research to help identify clinically effective treatments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of accounting – The financial statements of The International Paruresis Association, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.
- B. Basis of presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Organization is required to report 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.
- C. Contributions – IPA accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions. All net assets are unrestricted.
- D. Use of estimates in preparing financial statements - Management uses estimates and assumptions in preparing financial statements in accordance with the cash method of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.
- E. Income taxes – The International Paruresis Association, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal and state income taxes.
- F. Statement of cash flows - For purposes of the cash flows statement, cash in the checking accounts and savings accounts are considered to be cash. No interest or income taxes were paid in the current year.
- G. Expense allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

THE INTERNATIONAL PARURESIS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Property and equipment are stated at cost. Major additions and betterments are charged to the asset accounts while maintenance and repairs, which do not improve or extend the lives of the assets, are expensed currently. Property and equipment are detailed below:

Office furniture and equipment	\$ 2,000
Less accumulated depreciation	<u>400</u>
Total	\$ <u><u>1,600</u></u>

Depreciation is provided by the straight line method. This method amortizes the cost of the various classes of assets within the periods of expected use. Depreciation expense for the year ended December 31, 2003 was \$400.