

IRA MARC MILLER & CO., PA
CERTIFIED PUBLIC ACCOUNTANTS

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

We have reviewed the accompanying consolidated statements of financial position of The International Paruresis Association, Inc. (a non-profit corporation) and Shy Bladder Institute, Inc. as of December 31, 2004, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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. and Shy Bladder Institute, 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 consolidated financial statements in order for them to be in conformity with generally accepted accounting principles.

Ira Marc Miller & Co., P.A.

March 14, 2005

THE INTERNATIONAL PARURESIS ASSOCIATION, INC. (IPA)
SHY BLADDER INSTITUTE, INC. (SBI)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2004

	ASSETS			
	<u>IPA</u>	<u>SBI</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash in Banks	\$ 2,482	\$ 63	\$ -	\$ 2,545
Pledge receivable	10,000	-	-	10,000
Accounts receivable	56	-	-	56
Due from IPA	-	5,336	(5,336)	-
Due from SBI	<u>16,114</u>	<u>-</u>	<u>(16,114)</u>	<u>-</u>
Total current assets	28,652	5,399	(21,450)	12,601
Office furniture, net of accumulated depreciation of \$800	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
Total assets	<u>\$ 29,852</u>	<u>\$ 5,399</u>	<u>\$ (21,450)</u>	<u>\$ 13,801</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Credit cards payable	\$ 8,773	\$ 2,341	\$ -	\$ 11,114
Due to SBI	5,336	-	(5,336)	-
Due to IPA	-	16,114	(16,114)	-
Loan payable to Steve Soifer	-	3,000	-	3,000
Back salary payable to Steve Soifer	<u>26,525</u>	<u>-</u>	<u>-</u>	<u>26,525</u>
Total current liabilities	<u>40,634</u>	<u>21,455</u>	<u>(21,450)</u>	<u>40,639</u>
NET ASSETS (DEFICIT)				
Unrestricted	(20,782)	(16,056)	-	(36,838)
Temporarily restricted	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total net assets (deficit)	<u>(10,782)</u>	<u>(16,056)</u>	<u>-</u>	<u>(26,838)</u>
Total liabilities and net assets	<u>\$ 29,852</u>	<u>\$ 5,399</u>	<u>\$ (21,450)</u>	<u>\$ 13,801</u>

See accountants' review report and notes to financial statement.

THE INTERNATIONAL PARURESIS ASSOCIATION, INC. (IPA)

SHY BLADDER INSTITUTE, INC. (SBI)

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2004

	IPA			SBI	Combined Total
	Temporarily Restricted	Unrestricted	Total	Total Unrestricted	
REVENUE					
Contributions	\$ 10,000	\$ 72,821	\$ 82,821	\$ -	\$ 82,821
Workshops	-	-	-	58,074	58,074
Book sales, royalties and other	-	4,404	4,404	-	4,404
Interest income	-	13	13	-	13
Total revenue	<u>10,000</u>	<u>77,238</u>	<u>87,238</u>	<u>58,074</u>	<u>145,312</u>
FUNCTIONAL EXPENSES					
Program services	-	95,395	95,395	63,709	159,104
Management and general	-	22,578	22,578	10,421	32,999
Total functional expenses	<u>-</u>	<u>117,973</u>	<u>117,973</u>	<u>74,130</u>	<u>192,103</u>
Increase (decrease) in net assets	10,000	(40,735)	(30,735)	(16,056)	(46,791)
NET ASSETS (DEFICIT)					
Beginning of year	<u>-</u>	<u>19,953</u>	<u>19,953</u>	<u>-</u>	<u>19,953</u>
End of year	<u>\$ 10,000</u>	<u>\$ (20,782)</u>	<u>\$ (10,782)</u>	<u>\$ (16,056)</u>	<u>\$ (26,838)</u>

See accountants' review report and notes to financial statements.

THE INTERNATIONAL PARURESIS ASSOCIATION, INC. (IPA)
SHY BLADDER INSTITUTE, INC. (SBI)
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2004

	IPA			SBI			Combined Total
	Program services	Management and general	Total	Program services	Management and general	Total	
FUNCTIONAL EXPENSES							
Clinical supervision	\$ -	\$ -	\$ -	\$ 2,700	\$ -	\$ 2,700	\$ 2,700
Computer related costs	2,738	685	3,423	3,446	861	4,307	7,730
Consultant fees	10,204	2,551	12,755	4,548	1,137	5,685	18,440
Depreciation	320	80	400	-	-	-	400
Insurance	2,156	539	2,695	1,435	359	1,794	4,489
Lodging	-	-	-	6,652	-	6,652	6,652
Meals/dining	1,402	350	1,752	1,283	321	1,604	3,356
Office and administrative	3,277	819	4,096	664	161	825	4,921
Parking	-	-	-	338	85	423	423
Payroll fees	487	122	609	319	80	399	1,008
Payroll taxes	2,295	574	2,869	1,149	287	1,436	4,305
Postage	670	167	837	90	23	113	950
Printing	1,781	445	2,226	-	-	-	2,226
Professional affiliations	783	-	783	-	-	-	783
Professional fees	2,772	693	3,465	1,100	275	1,375	4,840
Rent	3,862	965	4,827	3,582	895	4,477	9,304
Salaries	48,410	12,103	60,513	10,960	2,740	13,700	74,213
Space rental	-	-	-	8,561	-	8,561	8,561
Subscriptions and publications	3,326	832	4,158	160	-	160	4,318
Telephone	4,130	1,033	5,163	4,061	1,015	5,076	10,239
Training	-	-	-	780	-	780	780
Travel	1,704	426	2,130	8,242	2,061	10,303	12,433
Utilities	774	194	968	486	121	607	1,575
Website related costs	4,304	-	4,304	1,876	-	1,876	6,180
Workshop expense	-	-	-	1,277	-	1,277	1,277
	<u>\$ 95,395</u>	<u>\$ 22,578</u>	<u>\$ 117,973</u>	<u>\$ 63,709</u>	<u>\$ 10,421</u>	<u>\$ 74,130</u>	<u>\$ 192,103</u>

See accountants' review report and notes to financial statements.

**THE INTERNATIONAL PARURESIS ASSOCIATION, INC.(IPA)
SHY BLADDER INSTITUTE, INC. (SBI)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>IPA</u>	<u>SBI</u>	<u>Combined Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Decrease in net assets	\$ <u>(30,735)</u>	<u>(16,056)</u>	<u>(46,791)</u>
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities			
Depreciation	400	-	400
Decrease (increase) in current assets			
Account receivable	(56)	-	(56)
Due to/from IPA/SBI	(16,114)	(5,336)	(21,450)
Pledge receivable	(10,000)	-	(10,000)
Prepaid rent	350	-	350
Increase (Decrease) in current liabilities			
Credit cards payable	8,773	2,341	11,114
Due to/from IPA/SBI	5,336	16,114	21,450
Loan payable to Steve Soifer	-	3,000	3,000
Back salary payable to Steve Soifer	<u>26,525</u>	<u>-</u>	<u>26,525</u>
 Total adjustments	 <u>15,214</u>	 <u>16,119</u>	 <u>31,333</u>
 Net cash provided by (used in) operating activities	 <u>(15,521)</u>	 <u>63</u>	 <u>(15,458)</u>
 Net increase (decrease) in cash	 (15,521)	 63	 (15,458)
 CASH			
Beginning of year	<u>18,003</u>	<u>-</u>	<u>18,003</u>
 End of year	 <u>\$ 2,482</u>	 <u>\$ 63</u>	 <u>\$ 2,545</u>

See accountants' review report and notes to financial statements.

**THE INTERNATIONAL PARURESIS ASSOCIATION, INC.
SHY BLADDER INSTITUTE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2004**

NOTE 1 - ORGANIZATION

The International Paruresis Association, Inc. (IPA) is a nonprofit organization whose purpose is to help those afflicted with paruresis overcome the stigma, embarrassment and isolation associated with the condition by educating the public, advocating effective treatments and advancing related research. Shy Bladder Institute, Inc. (SBI) is a nonprofit organization whose purpose is to treat people with paruresis, both individually and in psychosocial educational workshops and create support groups.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Principles of consolidation and basis of accounting – The consolidated financial statements of The International Paruresis Association, Inc. and Shy Bladder Institute, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. All material intercompany transactions have been eliminated.
- 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 and SBI account 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. Shy Bladder Institute, Inc. is presently in the process of qualifying for tax exempt status under 501(c)3 of the Internal Revenue Code.
- 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.

**THE INTERNATIONAL PARURESIS ASSOCIATION, INC.
SHY BLADDER INSTITUTE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2004**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- G. Property and depreciation - Property is stated at cost at the date of acquisition or fair market value at the date of donation. 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. Depreciation of office furniture and equipment is provided using the straight line method over 5 years. Depreciation expense for the year ended December 31, 2004 was \$400.
- H. Expense allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.