

THE INTERNATIONAL PARURESIS
ASSOCIATION, INC.
SHY BLADDER INSTITUTE, INC.

CONSOLIDATED FINANCIAL STATEMENTS AND
ACCOUNTANTS' REVIEW REPORT

DECEMBER 31, 2007

**THE INTERNATIONAL PARURESIS ASSOCIATION, INC.
SHY BLADDER INSTITUTE, INC.**

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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, 2007, 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.

November 6, 2008

**THE INTERNATIONAL PARURESIS ASSOCIATION, INC.
SHY BLADDER INSTITUTE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007**

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. qualifies as a private foundation under Section 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007**

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, 2007 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.

NOTE 3 – SHY BLADDER INSTITUTE, INC.

Effective December 31, 2007, Shy Bladder Institute, Inc. ceased operations and consolidated all operations and assets into the International Paruresis Association, Inc. This consolidation was approved by both board of directors.