

RADIANT PANEL ASSOCIATION

FINANCIAL STATEMENTS

Year Ended June 30, 2008

Alexander, Broughton & Co., P.C.

Certified Public Accountants

Accountants' Review Report

To the Board of Directors
Radiant Panel Association
Loveland, CO 80537

We have reviewed the accompanying statement of financial position of Radiant Panel Association (a nonprofit corporation) as of June 30, 2008, 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 Radiant Panel Association.

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.

Alexander Broughton & Co., P.C.

September 11, 2008

RADIANT PANEL ASSOCIATION
STATEMENT OF FINANCIAL POSITION
June 30, 2008

ASSETS	
Cash and cash equivalents	\$ 276,298
Accounts receivable (net of allowance of -0-)	15,368
Inventory	13,950
Prepaid expenses	<u>40,720</u>
TOTAL CURRENT ASSETS	346,336
Copyright (net of amortization)	<u>26,824</u>
TOTAL ASSETS	<u>\$ 373,160</u>
LIABILITIES	
Accounts payable	\$ 24,786
Sales tax payable	29
Income tax payable	2,768
Deferred revenues	186,457
Management fees payable	<u>17,322</u>
TOTAL CURRENT LIABILITIES	231,362
Deferred revenue	<u>6,800</u>
TOTAL LIABILITIES	<u>238,162</u>
NET ASSETS	
Unrestricted	124,931
Temporarily restricted	<u>10,067</u>
TOTAL NET ASSETS	<u>134,998</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 373,160</u>

See accompanying Accountants' Review Report and notes to financial statements

RADIANT PANEL ASSOCIATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Membership dues	\$ 305,927	\$ -	\$ 305,927
Merchandise sales	38,670	-	38,670
Subscriptions	6,830	-	6,830
Conference/trade show	319,176	-	319,176
Education/certification	45,970	-	45,970
Advertising	31,342	-	31,342
Interest	6,190	-	6,190
Research contributions	-	1,453	1,453
	<u>754,105</u>	<u>1,453</u>	<u>755,558</u>
EXPENSES			
Program services	664,225	-	664,225
Support services:			
Management and general	<u>124,510</u>	<u>-</u>	<u>124,510</u>
	<u>788,735</u>	<u>-</u>	<u>788,735</u>
CHANGE IN NET ASSETS	(34,630)	1,453	(33,177)
NET ASSETS, Beginning of year	<u>159,561</u>	<u>8,614</u>	<u>168,175</u>
NET ASSETS, End of year	<u>\$ 124,931</u>	<u>\$ 10,067</u>	<u>\$ 134,998</u>

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RADIANT PANEL ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2008

	<u>Program</u>	<u>Management and General</u>	<u>Total Expense</u>
Amortization	\$ 2,266	\$ -	\$ 2,266
Bank charges	-	509	509
Board expense	-	13,991	13,991
Chapter support	2,765	-	2,765
Copies	18,513	-	18,513
Costs of goods sold	24,306	-	24,306
Credit card fees	11,487	-	11,487
Dues and subscriptions	2,282	-	2,282
Insurance	-	2,221	2,221
Interest	152	-	152
Internet	4,304	1,076	5,380
Management fee	246,812	82,270	329,082
Manual revisions	23,896	-	23,896
Meals	-	153	153
Member services	2,147	-	2,147
Newsletter	15,159	-	15,159
Office supplies	-	9,920	9,920
Postage and shipping	20,974	-	20,974
Professional fees	987	6,810	7,797
Promotion	39,330	-	39,330
RPA conferences	222,378	-	222,378
School materials	3,451	-	3,451
Seminars	9,500	-	9,500
Tax-unrelated income	-	5,746	5,746
Technical support	800	-	800
Telephone	2,988	747	3,735
Trade show expense	9,728	-	9,728
Travel	-	1,067	1,067
TOTALS	<u>\$664,225</u>	<u>\$124,510</u>	<u>\$788,735</u>

See accompanying Accountants' Review Report and notes to financial statements

RADIANT PANEL ASSOCIATION
STATEMENT OF CASH FLOWS
Year ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (33,177)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	2,266
Change in operating assets and liabilities:	
Accounts receivable	8,949
Inventory	(1,420)
Prepaid expenses	(10,883)
Accounts payable	4,969
Accrued expenses	19,316
Deferred revenue	<u>(80,353)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(90,333)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(90,333)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>366,631</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 276,298</u>
Income taxes paid	\$ 3,602

See accompanying Accountants' Review Report and notes to financial statements

RADIANT PANEL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Radiant Panel Association (the Organization) is a nonprofit corporation organized under the laws of the state of Minnesota, which facilitates communication and cooperation among those interested in the advancement of the radiant panel heating and cooling industry in North America. The member driven organization derives its revenue from membership dues and educational and promotional products and services.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Advertising

The Organization expenses advertising costs when they are incurred, the Organization does not use direct-response advertising.

Functional Allocation of Expenses

The costs of providing the Organization's program services and supporting services 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 program services and supporting services benefited.

See accompanying Accountants' Review Report

RADIANT PANEL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Income Taxes

The Organization is exempt from income taxes, pursuant to Internal Revenue Code Section 501(c)(3) and is not a private foundation. The Organization is subject to taxes on unrelated business income from advertising revenue under Internal Revenue Code Section 6033(e).

Inventory

Inventory is stated at cost determined by the average-cost method.

NOTE 2: CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in its banks in excess of FDIC insurable limits.

NOTE 3: COPYRIGHT

The Organization purchased the copyright of the publication known as The Radiant Flooring Guide from Inventive Development, LLC for \$34,000 on May 12, 2005. The intangible is being amortized by the straight-line method over fifteen years.

NOTE 4: RELATED PARTY TRANSACTIONS

The executive director of the Organization is also the major shareholder of Teal International Corporation, which provides management services for the Organization. Compensation is based on 44% of the gross revenues of the Organization for the contract year. The management fee expense for the fiscal year is \$329,082 with \$17,322 payable at June 30, 2008.

See accompanying Accountants' Review Report

RADIANT PANEL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 5: DEFERRED REVENUE

The Organization received prepayments for the August 2008 conference in the amount of \$179,658. The Organization also sold publishing rights of The Radiant Flooring Guide to BNP Media beginning with the 2006 edition and ending with the 2010 edition for \$34,000. \$6,800 represents the current portion of the deferred revenue from BNP Media.

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are donations received for the purpose of researching radiant industry projects. As of June 30, 2008 there have been no expenditures for research projects.

During the fiscal year ended June 30, 2005, a fund was established in the name of Ted Lowe, a board member of Radiant Panel Association. Mr. Lowe had been diagnosed with cancer and contributions were accepted and disbursed to Mr. Lowe to help defray medical costs. The contributions not used for medical costs will help provide scholarships and assistance to future radiant technicians. There were no contributions received or expenditures made in the fiscal year ended June 30, 2008.

NOTE 7: OPERATING LEASE COMMITMENT

The Organization leases a Minolta copier under a sixty-month agreement. Monthly rental payments are \$409 plus applicable taxes and are classified under copy expense. Total lease expense for the year ended 6/30/08 was \$5,237.

Future lease commitments are as follows:

Year ending 6/30/09	\$3,055
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NOTE 8: TAX-UNRELATED INCOME

The current year's tax expense on advertising sales is \$4,341 for federal and \$1,405 for Colorado.

See accompanying Accountants' Review Report
