

Arthur W. Page Society

Financial Statements
And
Independent Auditors' Report

December 31, 2020

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Kattell and Company P.L.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
Arthur W. Page Society

Report on the Financial Statements

We have audited the accompanying financial statements of the Arthur W. Page Society (Page), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 from 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 auditor's 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 Page as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information.

We have previously audited Page's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kattell and Company P.L.

June 22, 2021

"Not everything that counts can be counted, and not everything that can be counted counts."

-Albert Einstein

Statement of Financial Position
December 31, 2020
(with summarized information for 2019)
Arthur W. Page Society

	<u>2020</u>	<u>2019</u>
Assets		
Cash:		
Checking	\$ 236,791	\$ 190,064
Money Market	718,620	671,982
Total	955,411	862,046
Receivables	337,189	43,814
Prepayments	85,940	222,913
Investments	2,624,075	2,377,072
Intangible Assets	22,000	48,778
Security Deposit	52,120	52,120
Total Assets	\$ 4,076,735	\$ 3,606,743
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 41,591	\$ 58,047
Accrued Leave	43,105	--
Deferred Social Security Tax	75,595	--
Member Credits	39,944	22,020
Rent Payable	14,073	11,404
Deferred Revenue – Event Fees	400	484,550
Deferred Revenue – Member Dues	1,205,097	1,374,773
Total Liabilities	1,419,805	1,950,794
Net Assets:		
With Donor Restrictions	411,236	5,600
Without Donor Restrictions:		
Designated for Reserves	1,400,692	1,347,007
Operating	845,002	303,342
Total Without Restrictions	2,245,694	1,650,349
Total Net Assets	2,656,930	1,655,949
Total Liabilities and Net Assets	\$ 4,076,735	\$ 3,606,743

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2020
(with summarized information for 2019)
Arthur W. Page Society

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue:				
Member Dues	\$ 2,814,957	\$ --	\$ 2,814,957	\$ 2,818,050
Contributions:				
Cash	230,762	503,885	734,647	448,975
Payroll Protection Program	313,370	--	313,370	--
In-Kind Services/Facilities	506,686	--	506,686	531,623
Total Contributions	<u>1,050,818</u>	<u>503,885</u>	<u>1,554,703</u>	<u>980,598</u>
Event Income:				
Annual Conference	100,300	--	100,300	613,600
Spring Seminar	--	--	--	779,860
Future Leaders Program	452,500	--	452,500	422,500
Other Events	108,052	--	108,052	276,153
Total Event Income	<u>660,852</u>	<u>--</u>	<u>660,852</u>	<u>2,092,113</u>
Exec. & Leadership Forums	--	--	--	25,643
Other Income	--	--	--	1,500
Net Assets Released From Restrictions	<u>98,249</u>	<u>(98,249)</u>	<u>--</u>	<u>--</u>
Total Revenues	<u>4,624,876</u>	<u>405,636</u>	<u>5,030,512</u>	<u>5,917,904</u>
Expenses:				
Programs:				
Annual Conference	70,686	--	70,686	537,663
Spring Seminar	47,587	--	47,587	484,604
Professional Development	250,463	--	250,463	535,955
Committees & Other Prgms	623,067	--	623,067	878,910
General Programs	2,573,013	--	2,573,013	2,563,128
Total Programs	<u>3,564,816</u>	<u>--</u>	<u>3,564,816</u>	<u>5,000,260</u>
Management and General	632,621	--	632,621	596,472
Fundraising	54,689	--	54,689	155,601
Total Expenses	<u>4,252,126</u>	<u>--</u>	<u>4,252,126</u>	<u>5,752,333</u>
Net from Operations	372,750	405,636	778,386	165,571
Net Investment Return	<u>222,595</u>	<u>--</u>	<u>222,595</u>	<u>267,153</u>
Change in Net Assets	595,345	405,636	1,000,981	432,724
Net Assets, Beginning of Year	<u>1,650,349</u>	<u>5,600</u>	<u>1,655,949</u>	<u>1,223,225</u>
Net Assets, End of Year	<u>\$ 2,245,694</u>	<u>\$ 411,236</u>	<u>\$ 2,656,930</u>	<u>\$ 1,655,949</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2020
(with summarized information for 2019)
Arthur W. Page Society

	2020							2019	
	Program Services				Supporting Activities		Totals	Totals	
	Annual Conference	Spring Seminar	Professional Development	Committees & Other Programs	General Programs	Management and General	Fundraising		
Salaries and Benefits	\$ --	\$ --	\$ --	\$ --	\$ 1,866,960	\$ 483,079	\$ 27,411	\$ 2,377,450	\$ 2,124,788
Event Expenses:									
Facilities	--	--	16,095	14,911	--	--	--	31,006	73,723
Audio Visual	319	319	14,719	23,636	--	--	--	38,993	352,056
Food and Beverage	9,517	--	8,164	27,831	--	--	--	45,512	888,247
Speaker Honorarium	5,000	5,000	30,238	11,864	--	--	--	52,102	122,782
Other	516	3,817	22,855	10,216	400	--	--	37,804	166,745
Donated Services and Facilities	--	--	90,686	51,000	365,000	--	--	506,686	531,623
Travel, Meals, Entertainment	1,852	--	2,406	25,033	6,756	1,710	86	37,843	258,888
Bank and Credit Card Fees	3,009	--	14,429	1,450	64,936	--	18,227	102,051	172,153
Professional Services	33,598	21,576	30,673	389,847	--	79,741	--	555,435	491,263
Office Expenses	16,875	16,875	19,798	66,479	120,512	30,509	7,086	278,134	392,114
Occupancy – Rent and Utilities	--	--	400	800	148,449	37,582	1,879	189,110	177,951
Totals	\$ 70,686	\$ 47,587	\$ 250,463	\$ 623,067	\$ 2,573,013	\$ 632,621	\$ 54,689	\$ 4,252,126	\$ 5,752,333

See accompanying notes.

Statement of Cash Flows
For the Year Ended December 31, 2020
(with summarized information for 2019)
Arthur W. Page Society

	<u>2020</u>	<u>2019</u>
Operating Activities:		
Change in Net Assets	\$ 1,000,981	\$ 432,724
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Investment (Gains)/Losses	(203,994)	(240,073)
Investment Income Reinvestments	(18,057)	(26,138)
Amortization – Website Development Costs	26,778	27,000
Other Non-cash Items	(24,952)	--
Changes in:		
Receivables	(293,375)	65,381
Prepaid Expenses	136,973	(167,420)
Security Deposit	--	131
Payables	122,837	(24,217)
Deferred Revenue	(653,826)	802,013
Net Cash Provided by (Used in) Operating Activities	93,365	869,401
Investing Activities:		
Securities Purchased	--	(626,002)
Net Cash Provided by (Used in) Investing Activities	--	(626,002)
Net Change in Cash	93,365	243,399
Cash, Beginning of Year	862,046	618,647
Cash, End of Year	\$ 955,411	\$ 862,046

See accompanying notes.

Notes to the Financial Statements
December 31, 2020
Arthur W. Page Society

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Arthur W. Page Society (Page) is a nonprofit organization committed to the belief that public relations, as a function of executive management, is central to the success of the corporation. Its mission is to strengthen the enterprise leadership role of the chief communications officer by embracing the highest professional standards, advancing the way communications is understood, practiced and taught, and providing a collegial and dynamic learning environment. Programs include educational forums and awards for outstanding achievements.

Tax Exemption

Page is tax exempt under Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business income. Therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, Page qualifies for the charitable contributions deduction and has been classified by the Internal Revenue Service as an organization that is not a private foundation.

Basis of Accounting

The financial statements of Page have been prepared on the accrual basis of accounting and are presented using accounting principles generally accepted in the United States of America, as applicable for not-for-profit corporations. (U.S. GAAP)

Cash

Cash consists of deposits in financial institutions. Bank balances exceeded federal deposit insurance limits of \$250,000 by approximately \$634,000 and \$513,000 at December 31, 2020 and 2019, respectively.

Receivables

Receivables are comprised of contributions, accounts and other receivables. Page records receivables at net realizable value using the allowance method; however, no allowance is recorded since all amounts are considered fully collectable. There are no identifiable concentrations of credit risk related to these amounts.

Investments

Investments are reported at fair value. Page invests only in debt and equity securities with readily determinable fair values. Their fair value is determined by reference to quoted prices in active markets for identical assets and other relevant information generated by market transactions. (Also known as Level 1 of the fair value hierarchy.)

Intangible Assets

Page capitalizes costs to develop internal-use website software during the application and graphics development stages. Costs of planning, content development and operations are expensed as incurred. Recognized intangible assets are recorded at cost when acquired and are amortized over their estimated useful lives. Intangible assets with indefinite useful lives are not amortized.

Property and Equipment

Page capitalizes property and equipment costing more than \$10,000. Depreciation of any capitalized items will be computed using the straight-line method over estimated useful lives as determined at the time of acquisition. Page held no assets that met this criterion at December 31, 2020 and 2019.

Net Assets

Net assets, the excess of assets over liabilities, are reported in two classes that are based upon the existence or absence of restrictions imposed by donors:

With donor restrictions. Net assets with donor restrictions are restricted by a donor to be used for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions. The Corporation's unspent contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Without donor restrictions. Net assets without donor restrictions are available to support operations. These net assets are constrained only by the broad limits resulting for the nature of the organization.

Notes to the Financial Statements
December 31, 2020
Arthur W. Page Society

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition - Contracts with Customers.

Event Income. Registration fees for programs and events are earned when the event is held. Registration fees received before the event are reported as deferred revenue. Amounts received after the event, if any, are reported as receivables.

Membership dues. Membership dues are amortized on a straight-line basis over 12 months from the anniversary date of membership. Unamortized annual membership fees are displayed as deferred revenue. Page records a receivable for membership benefits provided before the member has paid.

Sales. Sales, if any, are recognized as revenue when the item sold has been delivered.

Revenue Recognition - Contributions

Contributions. Contributions received are measured at their fair values and are reported as an increase in net assets. Page reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same fiscal year are reported as support without donor restrictions.

Conditional Contributions. Conditional contributions are recognized when the condition has been substantially met. Amounts received before the conditions have been met are reported as refundable advance. Contributions recognized before receipt of funding are reported as amounts receivable. Government grants consist of cost reimbursement contracts and are therefore recognized as conditional contributions. Revenues for cost reimbursement contracts are recognized when Page incurs allowable costs.

Contributions of services. Contributions of services are recognized at fair value when received if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Expense Recognition and Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific function are charged directly to that function, whereas costs common to multiple functions have been allocated. Salaries and wages, benefits and payroll taxes are allocated based on employee estimates of the percentage of time spent in each function. Some of office, travel and meals, and rent and electric expense are allocated based on salary allocations. Bank and credit card fees are allocated based on the proportions of collected revenues.

Program Services. Program services include the expenses of publications, the annual conference, the spring seminar, professional development programs such as Future Leaders and Page Up, various activities of Page's committees, as well as an allocation of salaries and other overhead expenses.

Management and General. Management and general activities are those that provide governance oversight, business and financial management, financial recordkeeping, budgeting, legal and human resource management.

Fundraising. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Activities including publicizing and conducting fundraising campaigns, maintaining donor lists, and any other activities that solicit contributions from corporations, foundations, individuals and others.

Notes to the Financial Statements
December 31, 2020
Arthur W. Page Society

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Advertising

Advertising costs, if any, are expensed as incurred.

Prior Year Information

Certain prior year information may be presented differently in order to conform to the current year presentation.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the date of the statement of financial position are all financial assets without donor or other restrictions limiting their use, and are as follows at December 31:

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash	\$ 955,411	\$ 862,047
Contributions Receivable (Note 4)	52,000	2,000
Other Receivables	210,189	41,814
Investments	<u>2,624,075</u>	<u>2,377,075</u>
Total Financial Assets	<u>3,841,675</u>	<u>3,282,936</u>
Not available for general expenditure:		
Board-designated reserves (Note 6)	<u>(1,400,692)</u>	<u>(1,347,007)</u>
Available Financial Assets	<u>\$ 2,440,983</u>	<u>\$ 1,935,929</u>

All donor restricted net assets are expected to be available for general expenditure in the subsequent fiscal year. Board-designated reserves are not intended to be used for general expenditures; however, they may be made available as needed.

Page has structured its financial assets to be available as its general expenditures and liabilities come due. Page does not generally experience cash deficits and, therefore, has instituted no mechanism for financing them. Page invests cash in excess of foreseeable cash needs in highly liquid investments. See Note 5 for more detail on investments.

NOTE 3 – INTANGIBLE ASSETS

Page incurred costs to develop a significant upgrade to its website during 2015 and 2016. The website was operational beginning in 2016, and the website was fully amortized in 2020.

Page purchased a domain name in 2018 for \$22,000. The recorded value is not subject to amortization since the domain name will be useful for an indefinite number of years.

Notes to the Financial Statements
December 31, 2020
Arthur W. Page Society

NOTE 4 – RECEIVABLES

Receivables consist of the following:

	<u>2020</u>	<u>2019</u>
Memberships and Registrations	\$ 48,362	\$ 41,814
Facility Deposits	161,827	--
Contributions	<u>127,000</u>	<u>2,000</u>
Pledges Receivable	<u>\$ 337,189</u>	<u>\$ 43,814</u>

Membership and event registration receivables occur in the normal course of business. Page paid deposits on facilities for events to be held in 2020. The related events were canceled; the amounts receivable are refunds expected from the facilities. Contributions receivable represent pledges from donors that are expected to be received in the following years:

	<u>2020</u>	<u>2019</u>
2020	\$ --	\$ 2,000
2021	52,000	--
2022	25,000	--
2023	25,000	--
2024	<u>25,000</u>	<u>--</u>
Pledges Receivable	<u>\$ 127,000</u>	<u>\$ 2,000</u>

NOTE 5 – INVESTMENTS

Page has invested in the following at year end.

	<u>2020</u>	<u>2019</u>
Cash and Certificates of Deposit	\$ 682,055	\$ 698,169
Mutual Funds:		
Primarily Debt Securities	639,996	564,312
Primarily Equity Securities	<u>1,302,024</u>	<u>1,114,591</u>
Totals at Market Value	<u>\$ 2,624,075</u>	<u>\$ 2,377,072</u>

Net Investment Return consists of the following:

	<u>2020</u>	<u>2019</u>
Interest Income	\$ 40,718	\$ 49,388
Gains and (Losses)	203,503	237,794
Advisory Fees	<u>(21,626)</u>	<u>(20,029)</u>
Net Investment Return	<u>\$ 222,595</u>	<u>\$ 267,153</u>

NOTE 6 – NET ASSETS

Without Donor Restrictions – Designated for Reserves. The Board of Page designates a portion of its net assets without donor restrictions as an operating reserve. The amount designated is computed as 25% of the board-adopted operating budget for the year.

With Donor Restrictions. Net assets with donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Contributions unavailable for spending during the current year	\$ 7,100	\$ 1,000
Unexpended purpose restricted contributions:		
Spring Seminar	288,534	4,600
Diversity Action Alliance (time and purpose)	<u>115,602</u>	<u>--</u>
Totals	<u>\$ 411,236</u>	<u>\$ 5,600</u>

Notes to the Financial Statements
December 31, 2020
Arthur W. Page Society

NOTE 7 – DEFERRED SOCIAL SECURITY TAX

Page took advantage of the CARES ACT provision which allows for deferral of payment of social security for up to two years. \$37,798 and \$37,797 are due in 2021 and 2022, respectively.

NOTE 8 – COMMITMENTS

Page regularly enters into contracts for the use of facilities for its meetings and events. These contracts have provisions for minimum payments in the event of cancellation. In addition, Page may, from time to time, enter into contracts for the provision of services where significant portions of the services will be performed and paid for in subsequent years. Minimum commitments under these contracts at December 31, 2020 and 2019 are approximately \$0 and \$334,000 respectively.

NOTE 9 – PENSION PLAN

Page offers a defined contribution retirement plan to all employees. The plan operates under section 401(k) of the Internal Revenue Code. Page contributes 3% of an eligible employee’s payroll. Employer contributions are fully vested when made. Total costs of \$57,755 and \$54,373 are included in salaries and benefits for 2020 and 2019, respectively.

NOTE 10 – LEASE OF OFFICE SPACE

In May, 2014, Page entered into a five-year lease for office space. In March 2019, the lease was extended through October 2021. The lease provided for a rent credit for the months of September 2019 and 2020, and scheduled rent increases for each year of the lease. In accordance with U.S. GAAP, rent expense is recognized on a straight-line basis over the life of the lease. The following table compares contracted rental payments with amounts to be recognized as expense.

	<u>Payments</u>	<u>Expensed</u>	<u>Net Payable</u>
2020	\$ 168,358	\$ 171,027	\$ 14,073
2021	156,596	142,523	--
Totals	\$ 324,954	\$ 313,550	\$ --

Total rental expense, which includes a prorated share of utilities, for the years ended December 31, 2020 and 2019 was \$189,110 and \$177,591 respectively.

The lease requires a security deposit of \$52,120 which is held by the lessor.

NOTE 11 – SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United State of America. Accordingly, such information should be read in conjunction with Page’s financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE 12 - SUBSEQUENT EVENTS

Page has evaluated events and transactions for potential recognition or disclosure through June 22, 2021, which is the date the financial statements were available to be issued.