

# Arthur W. Page Society, Inc.

Financial Statements  
And  
Independent Auditors' Report

December 31, 2010 and 2009

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# Kattell and Company P.L.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
Arthur W. Page Society

We have audited the accompanying statements of financial position of the Arthur W. Page Society, Inc. (the Society) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Arthur W. Page Society, Inc. as of December 31, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Kattell and Company P.L.*

April 7, 2011  
Gainesville, Florida

**Statements of Financial Position**  
**December 31, 2010 and 2009**  
**Arthur W. Page Society, Inc.**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Current Assets:		
Cash:		
Checking	\$ 51,546	\$ 64,308
Money Market	316,909	315,026
Total Cash	368,455	379,334
Receivables	13,358	20,848
Prepayments	30,859	17,175
Investments	511,738	472,248
 Total Current Assets	 924,410	 889,605
Fixed Assets:		
Office Equipment	26,739	25,532
Accumulated Depreciation	(20,212)	(21,468)
Net Fixed Assets	6,527	4,064
 Security Deposit	 11,946	 31,202
 <b>Total Assets</b>	 <b>\$ 942,883</b>	 <b>\$ 924,871</b>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts Payable	\$ 1,570	\$ 698
Payroll Taxes Payable	4,760	435
Deferred Revenue	303,668	371,814
Security Deposit	--	14,768
 Total Liabilities	 309,998	 387,715
Net Assets:		
Temporarily Restricted	69,500	22,100
Unrestricted	563,385	515,056
 Total Net Assets	 632,885	 537,156
 <b>Total Liabilities and Net Assets</b>	 <b>\$ 942,883</b>	 <b>\$ 924,871</b>

See accompanying notes.

**Statements of Activities**  
**For the Years Ended December 31, 2010 and 2009**  
**Arthur W. Page Society, Inc.**

	2010			2009		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Revenue:						
Member Dues	\$ 485,533	\$ --	\$ 485,533	\$ 438,235	\$ --	\$ 438,235
Contributions:						
Cash	177,970	69,500	247,470	156,547	22,100	178,647
In-Kind Services	314,012	--	314,012	148,994	--	148,994
Total Contributions	<u>491,982</u>	<u>69,500</u>	<u>561,482</u>	<u>305,541</u>	<u>22,100</u>	<u>327,641</u>
Event Income:						
Annual Conference	238,115	--	238,115	273,385	--	273,385
Spring Seminar	199,890	--	199,890	151,720	--	151,720
Future Leaders Program	139,988	--	139,988	139,988	--	139,988
Other Events	2,490	--	2,490	4,950	--	4,950
Total Event Income	<u>580,483</u>	<u>--</u>	<u>580,483</u>	<u>570,043</u>	<u>--</u>	<u>570,043</u>
Exec. & Leadership Forums	19,580	--	19,580	9,272	--	9,272
Sales of Publications	186	--	186	2,283	--	2,283
Interest and Dividend Income	9,421	--	9,421	11,679	--	11,679
Miscellaneous Income	5,015	--	5,015	3,036	--	3,036
Net Assets Released From Restrictions	<u>22,100</u>	<u>(22,100)</u>	<u>--</u>	<u>22,000</u>	<u>(22,000)</u>	<u>--</u>
<b>Total Revenues</b>	<b>1,614,300</b>	<b>47,400</b>	<b>1,661,700</b>	<b>1,362,089</b>	<b>100</b>	<b>1,362,189</b>
Expenses:						
Programs:						
Publications	--	--	--	19,631	--	19,631
Annual Conference	301,799	--	301,799	237,820	--	237,820
Spring Seminar	210,420	--	210,420	203,663	--	203,663
Future Leaders Program	116,615	--	116,615	121,937	--	121,937
Committees	57,550	--	57,550	123,393	--	123,393
General Programs	691,155	--	691,155	484,656	--	484,656
Total Programs	<u>1,377,539</u>	<u>--</u>	<u>1,377,539</u>	<u>1,191,100</u>	<u>--</u>	<u>1,191,100</u>
Management and General	207,930	--	207,930	121,520	--	121,520
Fundraising	<u>10,943</u>	<u>--</u>	<u>10,943</u>	<u>33,383</u>	<u>--</u>	<u>33,383</u>
<b>Total Expenses</b>	<b>1,596,412</b>	<b>--</b>	<b>1,596,412</b>	<b>1,346,003</b>	<b>--</b>	<b>1,346,003</b>
<b>Net Gain (Loss) from Operations</b>	<b>17,888</b>	<b>47,400</b>	<b>65,288</b>	<b>16,086</b>	<b>100</b>	<b>16,186</b>
Gain (Loss) on Investments	<u>30,441</u>	<u>--</u>	<u>30,441</u>	<u>65,127</u>	<u>--</u>	<u>65,127</u>
<b>Change in Net Assets</b>	<b>48,329</b>	<b>47,400</b>	<b>95,729</b>	<b>81,213</b>	<b>100</b>	<b>81,313</b>
<b>Net Assets, Beginning of Year</b>	<b>515,056</b>	<b>22,100</b>	<b>537,156</b>	<b>433,843</b>	<b>22,000</b>	<b>455,843</b>
<b>Net Assets, End of Year</b>	<b>\$ 563,385</b>	<b>\$ 69,500</b>	<b>\$632,885</b>	<b>\$ 515,056</b>	<b>\$22,100</b>	<b>\$ 537,156</b>

See accompanying notes.

**Statement of Functional Expenses**  
**For the Year Ended December 31, 2010**  
**Arthur W. Page Society, Inc.**

	Program Services						Supporting Activities		Total
	Annual Conference	Spring Seminar	Future Leaders	Committees	General Programs	Supporting Activities			
						Management and General	Fundraising		
\$	--	\$	--	\$	--	\$394,233	\$119,307	\$ 5,188	\$ 518,728
Salaries and Benefits	127,292	115,868	8,760	3,751	--	--	--	--	255,671
Facilities	71,128	29,128	--	6,900	178,367	--	27,302	1,187	314,012
Donated Services	--	--	--	--	10,192	--	3,084	134	13,410
Consultants	--	--	3,862	--	--	--	--	--	3,862
Transportation	--	--	106	20,826	317	--	96	4	21,499
Awards	150	--	1,103	--	--	--	--	--	3,924
Other	--	2,821	380	--	--	--	--	--	34,704
Speaker Honorarium	26,824	7,500	2,850	--	--	--	--	--	6,050
Entertainment	3,200	--	--	--	239	--	72	4	315
Publishing and Sales	--	--	--	--	--	--	--	--	46,479
Audio Visual	25,794	20,685	--	--	--	--	--	--	43,161
Travel	7,780	4,791	14,275	665	11,894	--	3,600	156	12,121
Printing	6,029	2,144	692	2,882	284	--	86	4	1,923
Publications	--	--	--	--	1,461	--	442	20	14,984
Graphic Design and Production	--	150	3,600	3,108	6,176	--	1,869	81	13,401
Computer Software and Hardware	--	--	291	--	9,964	--	3,015	131	21,750
Bank and Credit Card Fees	4,172	3,502	2,452	--	8,506	--	--	200	142,723
Professional Services	25,290	21,415	48,000	--	15,200	--	32,618	31	9,698
Postage and Delivery Services	3,060	904	995	1,707	2,304	--	697	150	15,052
Insurance	--	--	--	--	11,440	--	3,462	14	13,437
Meals and Entertainment	--	245	595	11,147	1,102	--	334	--	215
Photography	--	215	--	--	--	--	720	31	3,130
Office Equipment	--	--	--	--	2,379	--	86	4	5,510
Dues and Subscriptions	--	--	--	5,135	285	--	--	--	26,625
Meals	--	--	26,625	--	--	--	--	--	2,369
Website Maintenance	--	--	212	--	1,639	--	496	22	11,877
Telecommunications	890	594	927	1,008	6,428	--	1,945	85	5,391
Supplies	190	458	890	421	2,608	--	789	35	31,266
Occupancy – Rent and Utilities	--	--	--	--	23,762	--	7,191	313	3,125
Depreciation	--	--	--	--	2,375	--	719	31	
<b>Totals</b>	<b>\$ 301,799</b>	<b>\$ 210,420</b>	<b>\$ 116,615</b>	<b>\$ 57,550</b>	<b>\$ 691,155</b>	<b>\$ 207,930</b>	<b>\$ 10,943</b>		<b>\$ 1,596,412</b>

See accompanying notes.

**Statement of Functional Expenses**  
**For the Year Ended December 31, 2009**  
**Arthur W. Page Society, Inc**

	Program Services						Supporting Activities		Total
	Publications	Annual Conference	Spring Seminar	Future Leaders	Committees	General Programs	Management and General	Fundraising	
Salaries and Benefits	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 274,194	\$ 71,534	\$ 30,764	\$ 376,492
Facilities	--	106,367	115,366	44,816	9,538	--	--	--	276,087
Donated Services	--	18,650	11,150	--	47,194	57,600	13,680	720	148,994
Consultants	--	--	--	--	--	9,954	2,364	124	12,442
Recognition	--	1,238	--	--	2,957	--	--	--	4,195
Awards	--	--	--	--	14,350	--	--	--	14,350
Grants	--	--	--	--	15,500	--	--	--	15,500
Speaker Honorarium	--	5,500	31,700	2,500	--	--	--	--	39,700
Other	--	8,145	5,642	7,016	--	1,451	345	18	22,617
Publishing and Sales	6,737	7,500	--	--	--	--	--	--	14,237
Audio Visual	--	23,779	15,896	--	--	--	--	--	39,675
Travel	--	769	--	1,806	--	16,426	3,902	204	23,107
Printing	870	3,254	1,801	--	5,057	262	62	4	11,310
Graphic Design and Production	12,024	--	--	--	910	--	--	--	12,934
Computer Software and Supplies	--	--	--	--	--	4,880	1,159	61	6,100
Bank and Credit Card Fees	--	--	--	--	--	14,862	3,530	185	18,577
Professional Services	--	24,245	17,740	64,946	2,564	40,845	9,701	510	160,551
Postage and Delivery Services	--	3,528	2,356	853	2,708	3,194	758	40	13,437
Insurance	--	--	--	--	--	16,853	4,003	210	21,066
Meals and Entertainment	--	34,845	2,000	--	11,414	1,178	280	13	49,730
Photography	--	--	12	--	--	--	--	--	12
Office Equipment	--	--	--	--	--	2,884	685	35	3,604
Dues	--	--	--	--	5,000	--	--	--	5,000
Office Expenses	--	--	--	--	--	746	177	10	933
Website	--	--	--	--	--	3,125	742	39	3,906
Telecommunications	--	--	--	--	5,735	5,450	1,294	68	12,547
Supplies	--	--	--	--	466	3,162	751	39	4,418
Occupancy – Rent and Utilities	--	--	--	--	--	23,874	5,670	293	29,837
Depreciation	--	--	--	--	--	3,716	883	46	4,645
<b>Totals</b>	<b>\$ 19,631</b>	<b>\$ 237,820</b>	<b>\$ 203,663</b>	<b>\$ 121,937</b>	<b>\$ 123,393</b>	<b>\$ 484,656</b>	<b>\$ 121,520</b>	<b>\$ 33,383</b>	<b>\$ 1,346,003</b>

See accompanying notes.

**Statements of Cash Flows**  
**For the Years Ended December 31, 2010 and 2009**  
**Arthur W. Page Society, Inc.**

	<u>2010</u>	<u>2009</u>
Operating Activities:		
Receipts:		
Member Dues	\$ 521,729	\$ 473,245
Contributions	241,678	176,939
Events	511,116	705,187
Interest	372	2,004
Miscellaneous	5,201	5,319
Total Receipts	<u>1,280,096</u>	<u>1,362,694</u>
Cash Disbursements	<u>(1,285,387)</u>	<u>(1,181,939)</u>
<b>Net Cash Provided by Operating Activities</b>	<b>(5,291)</b>	<b>180,755</b>
Investing Activities:		
Purchases of Fixed Assets	(5,588)	(813)
Purchase of Investments	(60,000)	(83,243)
Sale of Investments	<u>60,000</u>	<u>83,243</u>
<b>Net Cash Used in Investing Activities</b>	<b><u>(5,588)</u></b>	<b><u>(813)</u></b>
<b>Net Increase (Decrease) in Cash</b>	<b>(10,879)</b>	<b>179,942</b>
<b>Cash, Beginning of Year</b>	<b><u>379,334</u></b>	<b><u>199,392</u></b>
<b>Cash, End of Year</b>	<b><u>\$ 368,455</u></b>	<b><u>\$ 379,334</u></b>
 <b>Reconciliation of Change in Net Assets to Net Cash from Operating Activities:</b>		
Change in Net Assets	\$ 95,729	\$ 81,313
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Investment Gains/(Losses)	(30,441)	(65,127)
Investment Income Reinvestments	(9,049)	(9,675)
Depreciation Expense	3,125	4,645
Changes in:		
Accounts Receivable	7,490	(20,848)
Prepaid Expenses	(13,684)	14,200
Security Deposit	19,256	(732)
Accounts Payable	872	(915)
Payroll Taxes Payable	4,325	122
Deferred Revenue	(68,146)	177,772
Security Deposit	<u>(14,768)</u>	<u>--</u>
<b>Net Cash Used in Operating Activities</b>	<b><u>\$ (5,291)</u></b>	<b><u>\$ 180,755</u></b>

See accompanying notes.

**Notes to the Financial Statements**  
**December 31, 2010 and 2009**  
**Arthur W. Page Society, Inc.**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Arthur W. Page Society, Inc. have been prepared on the accrual basis of accounting. Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Organization and Operations

The Arthur W. Page Society, Inc. (the Society) is a non profit 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 management policy role of the chief corporate public relations officer by providing a continuous learning forum and by emphasizing the highest standards of public relations practice. Programs include educational forums, research, scholarships for minority students and awards for outstanding achievements.

Tax Exemption

The Society 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, the Society qualifies for the charitable contributions deduction and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Society holds no uncertain tax positions and, therefore, has no policy for evaluating them. The Society's Form 990, *Return of Organization Exempt from Income Taxes*, is subject to examination by the IRS, generally for 4 years after the date filed.

Cash

Cash consists of deposits in financial institutions. The bank balance in these accounts exceeded the federal deposit insurance threshold of \$250,000 by approximately \$114,000 at December 31, 2010.

Receivables

Receivables are comprised of contributions, accounts and other receivables. The Society 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. The Society 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.

Fixed Assets

The Society capitalizes office equipment costing more than \$500. Depreciation of office equipment is computed using the straight-line method over estimated useful lives of five years.

Revenue Recognition

Registration fees for certain programs and events are earned when the event is held. Registration fees received before the event are reported as deferred revenue.

Membership dues are assessed and are recognized as revenue on a calendar year basis. Membership dues received before the end of the year that pay for memberships of the next year are reported as deferred revenue.



**Notes to the Financial Statements**  
**December 31, 2010 and 2009**  
**Arthur W. Page Society, Inc.**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (concluded)

Revenue Recognition (concluded)

Contributions received are measured at their fair values and are reported as an increase in net assets. The Society reports gifts of cash and other assets as restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets 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 unrestricted support.

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

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.

Advertising

Advertising costs are expensed as incurred.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The Society assigns most expenses directly to the related function. However, various overhead costs are allocated to programs, management and general and fundraising based on an estimate of the amount of time spent by Society personnel as they support those functions.

Program services include the expenses of publications, the annual conference, the spring seminar, the Future Leaders program, the various activities of the Society's committees, as well as an allocation of salaries and other overhead expenses.

Fundraising expenses include an allocation of salaries and overhead expenses. There are no direct fundraising expenses as this activity does not consume a significant amount of the Society's resources.

Management and general expenses include all activities required to conduct the affairs of the Society which are not allocable to other functional areas. These expenses consist primarily of an allocation of salaries and overhead costs.

Use of Estimates

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

Subsequent Events

The Society has evaluated events and transactions for potential recognition or disclosure through April 7, 2011, which is the date the financial statements were available to be issued.

**NOTE 2 – NET ASSETS**

Temporarily restricted net assets consist of cash contributions received that are intended to support programs of the subsequent year.

**Notes to the Financial Statements**  
**December 31, 2010 and 2009**  
**Arthur W. Page Society, Inc.**

**NOTE 3 – INVESTMENTS**

The Society has invested in the following at year end. The mutual funds are invested primarily in equity securities, with the exception of Sentinel Short Maturity Government Fund, which invests primarily in U.S. government securities with average lives of three years or less.

	<u>2010</u>	<u>2009</u>
Cash and Certificates of Deposit	\$ 53,613	\$ 152,274
Mutual Funds:		
Sentinel Short Maturity Government Fund	99,634	--
Eaton Vance Dividend Builder	63,044	58,280
First Eagle Fund of America	35,281	29,314
Capital World Growth and Income Fund	110,436	103,338
Income Fund of America	81,812	73,671
Royce Fund Pennsylvania Mutual Fund	67,918	55,371
Totals at Market Value	<u>\$ 511,738</u>	<u>\$ 472,248</u>
Totals at Cost	<u>\$ 477,494</u>	<u>\$ 468,003</u>

**NOTE 4 – COMMITMENTS**

*Contracts.* The Society regularly enters into contracts for the use of facilities for its meetings. These contracts have provisions for minimum payments in the event of cancellation. In addition, the Society 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, 2010 and 2009 are approximately \$93,000 and \$95,000, respectively.

*Facilities Lease.* In 2005, the Society entered into a lease for office space for a term of 5 years. The lease included a security deposit of \$31,202. Concurrently, the Society entered into a license agreement (a sublease) with the Council for Public Relations Firms (the Council). Under the sublease, the Society shared the leased office space and the Council payed 50% of all costs of the lease (monthly rent, utilities, etc.) plus \$1,000 per month. The sublease included a deposit of \$14,768 to be held by the Society. The Society recorded receipts from the Council as a reduction of its own facilities expenses. Net facilities expense for the year ended December 31, 2009 and 2008 was \$29,842.

In 2010, the Council succeeded the Society as tenant of the same office space. Concurrently, the Society entered into a five-year sublease with the Council for a portion of the office space. The agreement includes an option to cancel with six months notice and forfeiture of the security deposit of \$11,946. Total rent expense for 2010 under the previous lease and the current sublease was \$30,516.

**NOTE 5 – PENSION PLAN**

The Society offers a defined contribution retirement plan to all employees. The plan operates under section 401(k) of the Internal Revenue Code. The Society contributes 3% of an eligible employee's payroll and employees are fully vested after six years of service. Total costs of \$13,051 and \$8,841 are included in salaries and benefits for 2010 and 2009, respectively.