

THE ARTHUR W. PAGE SOCIETY 2012 ANNUAL REPORT

Arthur W. Page

ARTHUR W. PAGE SOCIETY

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2012 Sponsors

2012 Friends of Page

Page Philosophy and Page Principles

2012 Board of Trustees

2012 Staff



ARTHUR W. PAGE SOCIETY

VISION

The Arthur W. Page Society is committed to the belief that public relations as a function of executive management is central to the success of the corporation. The membership of the Page Society will embrace those individuals who epitomize the highest standards of public relations practice, as exemplified by the Page Principles.

MISSION

To strengthen the enterprise leadership role of the chief corporate communications officer by embracing the highest professional standards; by advancing the way communications is understood, practiced and taught; and by providing a collegial and dynamic learning environment.



2012 Annual Report

Strategy and Planning

Strategic Objectives and Initiatives for 2012-2013 were adopted by the Board of Trustees on Feb. 9. Later in the year, the Board created a planning process that led to the most complete annual operating plan ever for Page. The 2013 Operating Plan was approved, along with the 2013 budget, at the Nov. 7 Board meeting. The Board also created a Long Range Strategic Planning process that resulted in approval of Phase I of the plan on Nov. 7. Phase II was just beginning at year-end.

Strategic Objectives and Initiatives

The biggest accomplishment of 2012 was the release of *Building Belief: A New Model for Activating Corporate Character and Authentic Advocacy*. Our plan for the year was to make the New Model the focus of our learning, networking and exploration to advance understanding of the model while also testing and refining it in response to dialogue within the Page Society and beyond.

Discussions at the Page Spring Seminar and the Annual Conference provided new insights into the model. Both major conferences provided useful examples of how members can improve their proficiency in activating corporate character and achieving authentic advocacy. The use of a new “storyboard” planning process led to more cohesive strategic content that enhanced the overall learning experience.

We also pioneered a new Insight Forum meeting template that provides a one-day deep dive into the intricacies of the New Model. Two such events in 2012 focused on social media, one in San Jose and one in London. Both were widely praised and both were hosted and sponsored by Alan Marks of eBay.

The Page Spring Seminar and the Annual Conference also saw a step change in the use of technology to enable meaningful dialogue and engagement among our members. Thanks to stellar leadership from meeting chairs Sally Benjamin Young of Lundbeck (Spring) and Aedhmar Hynes of Text100 (Annual), the technology enabled us to share insights with each other, even as sessions progressed. Both meetings received great word-of-mouth reactions and solid overall member survey ratings of 4.2 and 4.3 respectively on a 5-point scale.

People in our profession around the world are intent upon learning about the New Model. Page Society members discussed it with practitioners and students at the European Association of Communications Directors, the Australian Centre for Corporate Public Affairs, the Association of Cable Communicators, the Public Relations Society of America, the Reputation Institute, the Ethisphere Institute, ESADE – the leading Spanish business school, Columbia University, Georgetown University, the University of Southern California Annenberg School and many others. We also held a New Model Webinar for members and their staffs with a presentation by Page Chairman and IBM SVP for Marketing and Communications Jon Iwata.

The London Social Media Summit kicked off our globalization strategy. Jon Iwata and Page Society President Roger Bolton followed that up with a dinner discussion of the New Model with CCOs in Stockholm, hosted by Page member Lars Johansson of the Confederation of Swedish Enterprise. We expect to recruit several new members as a result of that dinner.

Our effort to create a strong pipeline of future CCOs through our professional development programs made progress with three successful Future Leaders Experience events in Charleston, convened by Tom Martin of the College of Charleston; in Washington, D.C., convened by Peter Debreceeny of Gagen MacDonald; and at Yale in New Haven, convened by Roger Bolton. We graduated 30 members of our second FLE class. The class was uniformly highly engaged and enthusiastic and has requested help building an FLE Alumni group, which is now planned for 2013.

Two Learning Community events in New York and a Public Relations Leadership Forum in Chicago gave members' staffs an opportunity to enjoy some of the learning and networking opportunities that we enjoy as Page members. And our mentorship program lined up 23 mentors with 23 mentees.

The Case Study competition saw entries increase by 28 percent due to better publicity. The cases are actively being taught in universities around the world.

Financial Management and Governance

The Page Society ended the year with net income of \$92,781 on expenses of \$1,691,740 and income of \$1,711,913 and a gain on investments of \$72,608. Early in 2013, we were able to add \$162,000 to reserves, bringing the total in reserves to \$1,032,000, which is 61 percent of 2012 expense and 41 percent of the 2013 expense budget, compared to the board-designated reserve target of 75 percent.

Membership increased from 423 to 463, as we added 55 and lost only 15, a net increase of nine percent. More than half of new members attended the Annual Conference, an increase of 18 percent over 2011, due to a focus on new member onboarding.

The board amended membership criteria to eliminate the one-year requirement and the provision allowing for U.S. heads of global companies, and to clarify the non-profit membership criteria.

We successfully relocated our office within the same midtown building where we had been sharing office space with the Council of PR Firms for several years. We have a three-year sublease at an attractive rate that allowed us to increase our space eight-fold at less than twice the previous rent. The staff enjoys working here and we have plenty of room for visiting staff and members, plus a conference room for meetings.

We expedited processing of invoices and renewals to reduce the volume of accounts receivable. We cleaned up a number of accounting practices that will improve controls and compliance with GAAP standards. The board adopted amendments to the Conflict of Interest Policy plus a new Records Retention and Destruction Policy and a new Internal Protocol for Conflict of Interest Issues and Whistleblower Complaints.

Arthur W. Page Society, Inc.

Financial Statements
And
Independent Auditors' Report

December 31, 2012 and 2011

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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, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Arthur W. Page Society, Inc. (the Corporation), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's Responsibility.

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 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 the Arthur W. Page Society as of December 31, 2011 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kattell and Company P.L.

April 1, 2013
Gainesville, Florida

Statements of Financial Position
December 31, 2012 and 2011
Arthur W. Page Society, Inc.

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets:		
Cash:		
Checking	\$ 52,391	\$ 102,592
Money Market	240,967	172,714
Total Cash	<u>293,358</u>	<u>275,306</u>
Pledges Receivable	22,000	106,110
Other Receivables	433	5,086
Prepayments	2,798	5,899
Investments	<u>1,232,163</u>	<u>992,304</u>
Total Current Assets	1,550,752	1,384,705
Fixed Assets:		
Office Equipment	--	31,672
Accumulated Depreciation	<u>--</u>	<u>(21,944)</u>
Net Fixed Assets	--	9,728
Security Deposit	<u>9,303</u>	<u>11,946</u>
Total Assets	<u>\$ 1,560,055</u>	<u>\$ 1,406,379</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 5,757	\$ 5,631
Payroll Taxes Payable	6,038	7,736
Deferred Revenue – Event Fees	266,800	256,720
Deferred Revenue – Member Dues	<u>206,625</u>	<u>154,238</u>
Total Liabilities	485,220	424,325
Net Assets:		
Temporarily Restricted	50,500	129,510
Unrestricted:		
Designated for Reserves	869,744	680,837
Operating	<u>154,591</u>	<u>171,707</u>
Total Unrestricted	<u>1,024,335</u>	<u>852,544</u>
Total Net Assets	<u>1,074,835</u>	<u>982,054</u>
Total Liabilities and Net Assets	<u>\$1,560,055</u>	<u>\$ 1,406,379</u>

See accompanying notes.

Statements of Activities
For the Years Ended December 31, 2012 and 2011
Arthur W. Page Society, Inc.

	2012			2011		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:						
Member Dues	\$ 566,230	\$ --	\$ 566,230	\$ 517,515	\$ -	\$ 517,515
Contributions:						
Cash	255,519	44,500	300,019	288,785	129,510	418,295
In-Kind Services	218,067	--	218,067	132,100	--	132,100
Total Contributions	<u>473,586</u>	<u>44,500</u>	<u>518,086</u>	<u>420,885</u>	<u>129,510</u>	<u>550,395</u>
Event Income:						
Annual Conference	291,625	--	291,625	315,560	--	315,560
Spring Seminar	261,730	--	261,730	301,165	--	301,165
Future Leaders Program	217,500	--	217,500	217,500	--	217,500
Other Events	33,650	--	33,650	27,750	--	27,750
Total Event Income	<u>804,505</u>	<u>--</u>	<u>804,505</u>	<u>861,975</u>	<u>--</u>	<u>861,975</u>
Exec. & Leadership Forums	11,710	--	11,710	5,590	--	5,590
Sales of Publications	70	--	70	920	--	920
Interest and Dividend Income	26,352	--	26,352	12,926	--	12,926
Miscellaneous Income	3,027	--	3,027	4,441	--	4,441
Net Assets Released From Restrictions	<u>123,510</u>	<u>(123,510)</u>	<u>--</u>	<u>69,500</u>	<u>(69,500)</u>	<u>--</u>
Total Revenues	1,790,923	(79,010)	1,711,913	1,893,752	60,010	1,953,762
Expenses:						
Programs:						
Annual Conference	393,811	--	393,811	279,484	--	279,484
Spring Seminar	259,489	--	259,489	242,175	--	242,175
Future Leaders Program	127,899	--	127,899	75,589	--	75,589
Committees and Other	290,483	--	290,483	96,425	--	96,425
General Programs	383,242	--	383,242	583,487	--	583,487
Total Programs	<u>1,454,924</u>	<u>--</u>	<u>1,454,924</u>	<u>1,277,161</u>	<u>--</u>	<u>1,277,161</u>
Management and General	177,502	--	177,502	231,909	--	231,909
Fundraising	59,314	--	59,314	91,267	--	91,267
Total Expenses	1,691,740	--	1,691,740	1,600,336	--	1,600,336
Net from Operations	99,183	(79,010)	20,173	293,416	60,010	353,426
Gain (Loss) on Investments	<u>72,608</u>	<u>--</u>	<u>72,608</u>	<u>(4,257)</u>	<u>--</u>	<u>(4,257)</u>
Change in Net Assets	171,791	(79,010)	92,781	289,159	60,010	349,169
Net Assets, Beginning of Year	852,544	129,510	982,054	563,385	69,500	632,885
Net Assets, End of Year	<u>\$ 1,024,335</u>	<u>\$ 50,500</u>	<u>\$ 1,074,835</u>	<u>\$ 852,544</u>	<u>\$ 129,510</u>	<u>\$ 982,054</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2012
Arthur W. Page Society, Inc.

	Program Services					Supporting Activities		Total
	Annual Conference	Spring Seminar	Future Leaders	Committees & Other Programs	General Programs	Management and General	Fundraising	
Salaries and Benefits	\$ 54,482	\$ 39,345	\$ 34,214	\$ 149,841	\$ 282,484	\$ 80,710	\$ 40,355	\$681,431
Event Expenses:								
Facilities	166,807	135,342	16,414	24,385	--	--	--	342,948
Audio Visual	69,811	30,398	1,001	4,164	--	--	--	105,374
Transportation	3,569	--	2,250	--	--	--	--	5,819
Meals	--	--	49,863	--	--	--	--	49,863
Speaker Honorarium	52,183	18,950	4,436	--	--	--	--	75,569
Entertainment	--	--	3,000	--	--	--	--	3,000
Photography	1,671	--	--	--	--	--	--	1,671
Insurance	443	300	300	170	--	--	--	1,213
Awards	100	--	1,972	23,296	--	--	--	25,368
Other	5,082	2,119	519	--	--	--	--	7,720
Donated Services	92,550	7,550	--	35,000	58,077	16,593	8,297	218,067
Research	--	--	--	1,998	--	--	--	1,998
Investment Advisory Fees	--	--	--	--	--	8,839	--	8,839
Temporary Staff	2,750	--	315	--	--	588	--	3,653
Travel	7,085	4,985	6,561	2,899	14,220	4,063	2,032	41,845
Printing and Publications	1,468	3,166	396	4,322	--	2,301	--	11,653
Moving Expense	--	--	--	--	--	22,505	--	22,505
Other	--	--	--	--	--	3,229	--	3,229
Computer Software and Hardware	--	--	--	--	11,052	3,157	1,579	15,788
Bank and Credit Card Fees	6,072	5,450	4,529	700	11,790	--	6,249	34,790
Professional Services	18,712	12,647	--	25,320	--	37,618	--	94,297
Postage and Delivery Services	1,838	1,043	676	3,335	--	143	--	7,035
Insurance	--	--	--	--	4,594	1,312	656	6,562
Meals and Entertainment	22	120	--	3,720	--	2,179	--	6,041
Office Equipment	--	--	199	--	--	1,288	--	1,487
Graphic Design and Production	690	4,322	1,090	18,102	--	775	--	24,979
Dues and Subscriptions	--	--	--	3,270	--	746	--	4,016
Website Maintenance and Development	--	--	--	10,200	5,145	1,470	735	17,550
Telephone and Internet Access	610	499	--	5,566	5,416	1,548	774	14,413
Supplies	416	803	164	356	2,053	587	293	4,672
Occupancy – Rent and Utilities	--	--	--	--	39,679	11,337	5,668	56,684
Depreciation	--	--	--	--	6,809	1,946	973	9,728
Totals	\$ 393,811	\$ 259,489	\$ 127,899	\$ 281,644	\$ 383,242	\$ 186,341	\$ 59,314	\$1,691,740

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2011
Arthur W. Page Society, Inc.

	Program Services					Supporting Activities		Total
	Annual Conference	Spring Seminar	Future Leaders	Committees	General Programs	Management and General	Fundraising	
Salaries and Benefits	\$ --	\$ --	\$ --	\$ --	\$ 433,165	\$ 123,761	\$ 61,881	\$ 618,807
Event Expenses:								
Facilities	153,303	154,329	8,553	20,933	--	--	--	337,118
Audio Visual	23,754	25,761	3,570	3,672	--	--	--	56,757
Transportation	4,065	--	2,204	--	--	--	--	6,269
Meals	--	--	43,428	--	--	--	--	43,428
Speaker Honorarium	3,542	20,834	1,342	--	--	--	--	25,718
Entertainment	1,200	--	700	--	--	--	--	1,900
Photography	500	--	--	--	--	--	--	500
Insurance	650	350	150	--	--	--	--	1,150
Awards	257	--	--	21,665	--	--	--	21,922
Outreach	--	--	--	2,000	1,820	520	260	4,600
Other	4,033	6,003	1,141	--	--	--	--	11,177
Donated Services	52,550	7,550	--	--	50,400	14,400	7,200	132,100
Consultants	--	--	--	--	--	2,583	--	2,583
Temporary Staff	1,056	5,000	--	--	7,082	2,023	1,012	16,173
Travel	3,131	5,739	7,237	2,892	--	17,106	--	36,105
Printing and Publications	4,825	2,912	395	6,358	--	919	665	16,074
Charitable Contributions	--	--	--	500	--	--	--	500
Other	--	--	--	--	3,083	881	440	4,404
Computer Software and Hardware	--	--	42	--	7,179	2,052	1,024	10,297
Bank and Credit Card Fees	5,324	5,082	3,670	468	8,823	--	7,059	30,426
Professional Services	12,200	480	--	--	--	30,819	--	43,499
Postage and Delivery Services	1,290	1,730	1,273	7,117	--	1,655	240	13,305
Insurance	--	--	--	--	4,720	1,349	674	6,743
Meals and Entertainment	--	12	40	15,275	--	2,927	--	18,254
Office Equipment	--	--	425	--	--	--	--	425
Graphic Design and Production	5,950	5,245	360	7,525	10,598	3,028	2,724	35,430
Dues and Subscriptions	--	--	--	5,135	--	464	--	5,599
Website Maintenance and Development	--	--	20	--	28,711	8,203	4,101	41,035
Telephone and Internet Access	1,191	811	1,015	2,721	--	9,500	--	15,238
Supplies	663	337	24	164	--	1,746	--	2,934
Occupancy – Rent and Utilities	--	--	--	--	24,381	6,966	3,483	34,830
Depreciation	--	--	--	--	3,525	1,007	504	5,036
Totals	\$ 279,484	\$ 242,175	\$ 75,589	\$ 96,425	\$ 583,487	\$ 231,909	\$ 91,267	\$ 1,600,336

See accompanying notes.

Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011
Arthur W. Page Society, Inc.

	<u>2012</u>	<u>2011</u>
Operating Activities:		
Receipts:		
Member Dues	\$ 618,617	\$ 411,495
Contributions	384,129	319,685
Events	814,585	1,080,875
Interest	262	520
Miscellaneous	14,807	5,361
Total Receipts	<u>1,832,400</u>	<u>1,817,936</u>
Cash Disbursements	<u>(1,673,187)</u>	<u>(1,430,431)</u>
Net Cash Provided by (Used in) Operating Activities	159,213	387,505
Investing Activities:		
Purchases of Fixed Assets	--	(8,237)
Purchase of Investments	(475,436)	(575,000)
Sale of Investments	<u>334,275</u>	<u>102,583</u>
Net Cash Used in Investing Activities	<u>(141,161)</u>	<u>(480,654)</u>
Net Change in Cash	18,052	(93,149)
Cash, Beginning of Year	<u>275,306</u>	<u>368,455</u>
Cash, End of Year	<u>\$ 93,358</u>	<u>\$ 275,306</u>
Reconciliation of Change in Net Assets to Net Cash from Operating Activities:		
Change in Net Assets	\$ 2,781	\$ 349,169
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Investment (Gains)/Losses	(72,608)	4,257
Investment Income Reinvestments	(26,090)	(12,406)
Depreciation Expense	9,728	5,036
Changes in:		
Receivables	88,763	(97,838)
Prepaid Expenses	3,101	24,960
Security Deposit	2,643	--
Accounts Payable	126	4,061
Payroll Taxes Payable	(1,698)	2,976
Deferred Revenue	<u>62,467</u>	<u>107,290</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 59,213</u>	<u>\$ 387,505</u>

See accompanying notes.

Notes to the Financial Statements
December 31, 2012 and 2011
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 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 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 three 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 \$0 and \$20,000 at December 31, 2012 and 2011, respectively.

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

Beginning with the year ended December 31, 2012, the Society capitalizes property and equipment costing more than \$10,000. Amounts capitalized under a prior lower threshold were fully depreciated in 2012. Depreciation of any capitalized items will be computed using the straight-line method over estimated useful lives as determined at the time of acquisition.

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, 2012 and 2011
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, various activities of the Society's committees, as well as an allocation of salaries and other overhead expenses.

Fundraising expenses consist primarily of an allocation of salaries and overhead expenses.

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.

NOTE 2 – NET ASSETS

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

The Board of the Society has set aside certain of its liquid assets into separate investment accounts. These assets are separately displayed as Unrestricted Net Assets - Designated for Reserves in recognition of the Board's intent for these funds to serve as a reserve for future operations.

Notes to the Financial Statements
December 31, 2012 and 2011
Arthur W. Page Society, Inc.

NOTE 3 – INVESTMENTS

The Society has invested in the following at year end.

	<u>2012</u>	<u>2011</u>
Cash and Certificates of Deposit	\$ 297,343	\$ 336,920
Mutual Funds:		
Primarily Debt Securities	585,960	322,063
Primarily Equity Securities	<u>348,860</u>	<u>333,321</u>
Totals at Market Value	<u>\$ 1,232,163</u>	<u>\$ 992,304</u>
Totals at Cost	<u>\$ 1,137,386</u>	<u>\$ 958,288</u>

Investment income includes the following:

	<u>2012</u>	<u>2011</u>
Interest Income	\$ 26,090	\$ 12,405
Gains and Losses	72,608	(4,257)
Advisory Fees	<u>(8,839)</u>	<u>(2,583)</u>
Net Investment Income	<u>\$ 89,859</u>	<u>\$ 5,565</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, 2012 and 2011 are approximately \$135,000 and \$129,000, respectively.

Facilities Lease. In 2012, the Society entered into a three-year sublease for office space for \$5,051 per month, which includes the cost of electricity. Future minimum lease payments are \$60,609, \$60,609 and \$10,102 for the years ending December 31, 2013, 2014, and 2015, respectively. Total rent expense includes electricity costs and is reported in the Statement of Functional Expenses.

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 at the time of the contribution. Total costs of \$13,051 and \$15,155 are included in salaries and benefits for 2012 and 2011, respectively.

NOTE 6 - SUBSEQUENT EVENTS

The Society has evaluated events and transactions for potential recognition or disclosure through April 1, 2013, which is the date the financial statements were available to be issued.



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ARTHUR W. PAGE SOCIETY

PAGE PHILOSOPHY AND PAGE PRINCIPLES

The Page Philosophy

Arthur W. Page viewed public relations as the art of developing, understanding and communicating character—both corporate and individual.

This vision was a natural outgrowth of his belief in humanism and freedom as America's guiding characteristics and as preconditions for capitalism.

The successful corporation, Page believed, must shape its character in concert with the nation's. It must operate in the public interest, manage for the long run and make customer satisfaction its primary goal. He described the dynamic this way:

“Real success, both for big business and the public, lies in large enterprise conducting itself in the public interest and in such a way that the public will give it sufficient freedom to serve effectively.”

The Page Principles

- *Tell the truth.* Let the public know what's happening and provide an accurate picture of the company's character, ideals and practices.
- *Prove it with action.* Public perception of an organization is determined 90 percent by what it does and 10 percent by what it says.
- *Listen to the customer.* To serve the company well, understand what the public wants and needs. Keep top decision makers and other employees informed about public reaction to company products, policies and practices.
- *Manage for tomorrow.* Anticipate public reaction and eliminate practices that create difficulties. Generate goodwill.
- *Conduct public relations as if the whole company depends on it.* Corporate relations is a management function. No corporate strategy should be implemented without considering its impact on the public. The public relations professional is a policymaker capable of handling a wide range of corporate communications activities.
- *Realize a company's true character is expressed by its people.* The strongest opinions—good or bad—about a company are shaped by the words and deeds of its employees. As a result, every employee—active or retired—is involved with public relations. It is the responsibility of corporate communications to support each employee's capability and desire to be an honest, knowledgeable ambassador to customers, friends, shareowners and public officials.
- *Remain calm, patient and good-humored.* Lay the groundwork for public relations miracles with consistent and reasoned attention to information and contacts. This may be difficult with today's contentious 24-hour news cycles and endless number of watchdog organizations. But when a crisis arises, remember, cool heads communicate best.



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