

Arthur W. Page Society, Inc.

Financial Statements
And
Independent Auditors' Report

December 31, 2013 and 2012

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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, 2013 and 2012, 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.

Auditors' 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, 2013 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.

May 7, 2014
Gainesville, Florida

Statements of Financial Position
December 31, 2013 and 2012
Arthur W. Page Society, Inc.

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets:		
Cash:		
Checking	\$ 240,260	\$ 52,391
Money Market	291,087	240,967
Total Cash	531,347	293,358
Pledges Receivable	87,599	22,000
Other Receivables	15,205	433
Prepayments	10,782	2,798
Investments	1,851,814	1,232,163
 Total Current Assets	 2,496,747	 1,550,752
 Security Deposit	 9,307	 9,303
 Total Assets	 \$ 2,506,054	 \$ 1,560,055
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 103,597	\$ 5,757
Payroll Taxes Payable	9,459	6,038
Deferred Revenue – Event Fees	307,455	266,800
Deferred Revenue – Member Dues	533,735	206,625
 Total Liabilities	 954,246	 485,220
 Net Assets:		
Temporarily Restricted	68,800	50,500
Unrestricted:		
Designated for Reserves	1,152,233	869,744
Operating	330,775	154,591
Total Unrestricted	1,483,008	1,024,335
 Total Net Assets	 1,551,808	 1,074,835
 Total Liabilities and Net Assets	 \$ 2,506,054	 \$ 1,560,055

See accompanying notes.

Statements of Activities
For the Years Ended December 31, 2013 and 2012
Arthur W. Page Society, Inc.

	2013			2012		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:						
Member Dues	\$ 723,455	\$ --	\$ 723,455	\$ 566,230	\$ --	\$ 566,230
Contributions:						
Cash	492,344	57,800	550,144	255,519	44,500	300,019
In-Kind Services	334,784	--	334,784	218,067	--	218,067
Total Contributions	827,128	57,800	884,928	473,586	44,500	518,086
Event Income:						
Annual Conference	392,920	--	392,920	291,625	--	291,625
Spring Seminar	322,505	--	322,505	261,730	--	261,730
Future Leaders Program	275,915	--	275,915	217,500	--	217,500
Other Events	148,660	--	148,660	33,650	--	33,650
Total Event Income	1,140,000	--	1,140,000	804,505	--	804,505
Exec. & Leadership Forums	9,634	--	9,634	11,710	--	11,710
Interest and Dividend Income	23,566	--	23,566	26,352	--	26,352
Miscellaneous Income	2,740	--	2,740	3,097	--	3,097
Net Assets Released From Restrictions	39,500	(39,500)	--	123,510	(123,510)	--
Total Revenues	2,766,023	18,300	2,784,323	1,790,923	(79,010)	1,711,913
Expenses:						
Programs:						
Annual Conference	360,668	--	360,668	393,811	--	393,811
Spring Seminar	280,281	--	280,281	259,489	--	259,489
Future Leaders Program	441,706	--	441,706	127,899	--	127,899
Committees and Other	110,321	--	110,321	290,483	--	290,483
General Programs	935,666	--	935,666	383,242	--	383,242
Total Programs	2,128,642	--	2,128,642	1,454,924	--	1,454,924
Management and General	209,204	--	209,204	177,502	--	177,502
Fundraising	81,330	--	81,330	59,314	--	59,314
Total Expenses	2,419,176	--	2,419,176	1,691,740	--	1,691,740
Net from Operations	346,847	18,300	365,147	99,183	(79,010)	20,173
Gain (Loss) on Investments	111,826	--	111,826	72,608	--	72,608
Change in Net Assets	458,673	18,300	476,973	171,791	(79,010)	92,781
Net Assets, Beginning of Year	1,024,335	50,500	1,074,835	852,544	129,510	982,054
Net Assets, End of Year	\$ 1,483,008	\$ 68,800	\$ 1,551,808	\$ 1,024,335	\$ 50,500	\$ 1,074,835

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2013
Arthur W. Page Society, Inc.

	Program Services					Supporting Activities		Total
	Annual Conference	Spring Seminar	Professional Development	Committees & Other Programs	General Programs	Management and General	Fundraising	
Salaries and Benefits	\$ --	\$ --	\$ --	\$ --	\$ 699,897	\$ 122,482	\$ 52,492	\$ 874,871
Event Expenses:								
Facilities	171,773	155,649	44,872	1,958	--	--	--	374,252
Audio Visual	104,259	37,854	28,065	4,438	--	--	--	174,616
Transportation	3,750	--	1,931	--	--	--	--	5,681
Meals	--	--	91,174	1,555	--	--	--	92,729
Speaker Honorarium	15,163	33,544	16,036	1,979	--	--	--	66,722
Entertainment	2,250	1,350	3,718	--	--	--	--	7,318
Photography	1,821	--	--	--	--	--	--	1,821
Insurance	1,502	238	225	985	--	--	--	2,950
Awards/Outreach	720	--	848	18,391	6,129	--	--	26,088
Other	4,571	3,836	2,774	--	--	--	--	11,181
Donated Services	7,550	7,550	180,683	--	111,201	19,460	8,340	334,784
Investment Advisory Fees	--	--	--	--	--	15,372	--	15,372
Temporary Staff	1,454	1,548	--	--	--	--	--	3,002
Travel	6,330	1,626	8,565	16,445	17,430	3,050	1,308	54,754
Printing and Publications	2,717	3,428	1,946	4,902	2,290	401	172	15,856
Other	--	--	135	--	1,459	204	87	1,885
Computer Software and Hardware	--	--	396	--	11,265	1,971	845	14,477
Bank and Credit Card Fees	9,427	7,737	10,186	--	17,356	--	12,959	57,665
Professional Services	21,062	22,579	5,688	38,220	--	34,301	--	121,850
Postage and Delivery Services	1,145	320	1,506	5,810	382	67	29	9,259
Insurance	--	--	--	--	6,808	1,191	511	8,510
Meals and Entertainment	--	--	64	5,278	1,768	309	132	7,551
Office Equipment	--	--	735	125	--	--	--	860
Graphic Design and Production	2,340	1,370	14,923	3,795	275	--	--	22,703
Dues and Subscriptions	--	--	--	3,000	456	80	34	3,570
Website Maintenance and Development	--	--	23,918	--	960	168	72	25,118
Telephone and Internet Access	1,287	432	2,161	3,245	6,460	1,131	484	15,200
Supplies	1,547	1,220	1,157	195	3,042	532	228	7,921
Occupancy – Rent and Utilities	--	--	--	--	48,488	8,485	3,637	60,610
Totals	\$ 360,668	\$ 280,281	\$ 441,706	\$ 110,321	\$ 935,666	\$ 209,204	\$ 81,330	\$ 2,419,176

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	--	--	199	--	--	4,517	--	4,716
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
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.

Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012
Arthur W. Page Society, Inc.

	<u>2013</u>	<u>2012</u>
Operating Activities:		
Receipts:		
Member Dues	\$ 1,049,565	\$ 618,617
Contributions	484,545	384,129
Events	1,167,505	814,585
Interest	365	262
Miscellaneous	12,374	14,807
Total Receipts	<u>2,714,354</u>	<u>1,832,400</u>
Cash Disbursements	<u>(1,991,737)</u>	<u>(1,673,187)</u>
Net Cash Provided by (Used in) Operating Activities	722,617	159,213
Investing Activities:		
Purchase of Investments	(662,000)	(475,436)
Sale of Investments	<u>177,372</u>	<u>334,275</u>
Net Cash Used in Investing Activities	(484,628)	(141,161)
Net Change in Cash	237,989	18,052
Cash, Beginning of Year	<u>293,358</u>	<u>275,306</u>
Cash, End of Year	<u>\$ 531,347</u>	<u>\$ 293,358</u>

Reconciliation of Change in Net Assets to Net Cash from Operating Activities:

Change in Net Assets	\$ 476,973	\$ 92,781
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Investment (Gains)/Losses	(111,826)	(72,608)
Investment Income Reinvestments	(23,197)	(26,090)
Depreciation Expense	--	9,728
Changes in:		
Receivables	(80,371)	88,763
Prepaid Expenses	(7,984)	3,101
Security Deposit	(4)	2,643
Payables	101,261	(1,572)
Deferred Revenue	<u>367,765</u>	<u>62,467</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 722,617</u>	<u>\$ 159,213</u>

See accompanying notes.

Notes to the Financial Statements
December 31, 2013 and 2012
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 \$314,000 and \$0 at December 31, 2013 and 2012, 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, 2013 and 2012
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, professional development programs such as Future Leaders and Page Up, 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, 2013 and 2012
Arthur W. Page Society, Inc.

NOTE 3 – INVESTMENTS

The Society has invested in the following at year end.

	<u>2013</u>	<u>2012</u>
Cash and Certificates of Deposit	\$ 643,308	\$ 297,343
Mutual Funds:		
Primarily Debt Securities	701,811	585,960
Primarily Equity Securities	<u>506,695</u>	<u>348,860</u>
Totals at Market Value	<u>\$ 1,851,814</u>	<u>\$1,232,163</u>

Investment income includes the following:

	<u>2013</u>	<u>2012</u>
Interest Income	\$ 23,197	\$ 26,090
Gains and Losses	111,826	72,608
Advisory Fees	<u>(15,372)</u>	<u>(8,839)</u>
Net Investment Income	<u>\$ 119,651</u>	<u>\$ 89,859</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, 2013 and 2012 are approximately \$136,000 and \$135,000, 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. In February of 2014, the landlord exercised a termination option in the lease, giving the Society 120 days to vacate. As such, the Society will only be liable for another six months of rent after December 31, 2013. 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 \$23,076 and \$17,989 are included in salaries and benefits for 2013 and 2012, respectively.

NOTE 6 - SUBSEQUENT EVENTS

The Society has evaluated events and transactions for potential recognition or disclosure through May 7, 2014, which is the date the financial statements were available to be issued.