

Arthur W. Page Society, Inc.

Financial Statements
And
Independent Auditors' Report

December 31, 2014 and 2013

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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 Society), which comprise the statements of financial position as of December 31, 2014 and 2013, 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 Society as of December 31, 2014 and 2013, 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.

August 7, 2015
Gainesville, Florida

Statements of Financial Position
December 31, 2014 and 2013
Arthur W. Page Society, Inc.

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets:		
Cash:		
Checking	\$ 161,761	\$ 240,260
Money Market	679,118	291,087
Total Cash	<u>840,879</u>	<u>531,347</u>
Pledges Receivable	7,600	87,599
Other Receivables	3,984	15,205
Prepayments	46,354	10,782
Investments	<u>1,904,641</u>	<u>1,851,814</u>
 Total Current Assets	 2,803,458	 2,496,747
Security Deposit - Cash	--	9,307
Security Deposit - CD	52,125	--
Pledge – Designated for Long-Term Investment	<u>118,040</u>	<u>--</u>
 Total Assets	 <u>\$ 2,973,623</u>	 <u>\$ 2,506,054</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 58,843	\$ 103,597
Payroll Taxes Payable	10,721	9,459
Rent Payable	39,200	--
Deferred Revenue – Event Fees	290,780	307,455
Deferred Revenue – Member Dues	<u>639,890</u>	<u>533,735</u>
 Total Liabilities	 1,039,434	 954,246
Net Assets:		
Temporarily Restricted	169,145	68,800
Unrestricted:		
Designated for Reserves	1,497,582	1,152,233
Operating	<u>267,462</u>	<u>330,775</u>
Total Unrestricted	<u>1,765,044</u>	<u>1,483,008</u>
 Total Net Assets	 <u>1,934,189</u>	 <u>1,551,808</u>
 Total Liabilities and Net Assets	 <u>\$ 2,973,623</u>	 <u>\$ 2,506,054</u>

See accompanying notes.

Statements of Activities
For the Years Ended December 31, 2014 and 2013
Arthur W. Page Society, Inc.

	2014			2013		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:						
Member Dues	\$ 1,214,117	\$ --	\$ 1,214,117	\$ 723,455	\$ --	\$ 723,455
Contributions:						
Cash	415,300	168,145	583,445	492,344	57,800	550,144
In-Kind Services	453,371	--	453,371	334,784	--	334,784
Total Contributions	<u>868,671</u>	<u>168,145</u>	<u>1,036,816</u>	<u>827,128</u>	<u>57,800</u>	<u>884,928</u>
Event Income:						
Annual Conference	407,975	--	407,975	392,920	--	392,920
Spring Seminar	484,790	--	484,790	322,505	--	322,505
Future Leaders Program	242,500	--	242,500	275,915	--	275,915
Other Events	121,185	--	121,185	148,660	--	148,660
Total Event Income	<u>1,256,450</u>	<u>--</u>	<u>1,256,450</u>	<u>1,140,000</u>	<u>--</u>	<u>1,140,000</u>
Exec. & Leadership Forums	8,636	--	8,636	9,634	--	9,634
Interest and Dividend Income	33,115	--	33,115	23,566	--	23,566
Miscellaneous Income	928	--	928	2,740	--	2,740
Net Assets Released From Restrictions	<u>67,800</u>	<u>(67,800)</u>	<u>--</u>	<u>39,500</u>	<u>(39,500)</u>	<u>--</u>
Total Revenues	3,449,717	100,345	3,550,062	2,766,023	18,300	2,784,323
Expenses:						
Programs:						
Annual Conference	374,574	--	374,574	360,668	--	360,668
Spring Seminar	383,425	--	383,425	280,281	--	280,281
Professional Development	289,856	--	289,856	441,706	--	441,706
Committees and Other	474,377	--	474,377	110,321	--	110,321
General Programs	1,210,647	--	1,210,647	935,666	--	935,666
Total Programs	<u>2,732,879</u>	<u>--</u>	<u>2,732,879</u>	<u>2,128,642</u>	<u>--</u>	<u>2,128,642</u>
Management and General	339,617	--	339,617	209,204	--	209,204
Fundraising	<u>134,435</u>	<u>--</u>	<u>134,435</u>	<u>81,330</u>	<u>--</u>	<u>81,330</u>
Total Expenses	3,206,931	--	3,206,931	2,419,176	--	2,419,176
Net from Operations	242,786	100,345	343,131	346,847	18,300	365,147
Gain (Loss) on Investments	<u>39,250</u>	<u>--</u>	<u>39,250</u>	<u>111,826</u>	<u>--</u>	<u>111,826</u>
Change in Net Assets	282,036	100,345	382,381	458,673	18,300	476,973
Net Assets, Beginning of Year	1,483,008	68,800	1,551,808	1,024,335	50,500	1,074,835
Net Assets, End of Year	<u>\$ 1,765,044</u>	<u>\$ 169,145</u>	<u>\$ 1,934,189</u>	<u>\$ 1,483,008</u>	<u>\$ 68,800</u>	<u>\$ 1,551,808</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2014
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	\$ --	\$ --	\$ --	\$ --	\$ 837,103	\$ 137,751	\$ 84,770	\$1,059,624
Event Expenses:								
Facilities	212,080	234,511	15,333	--	--	--	--	461,924
Audio Visual	79,014	50,673	28,746	16,570	--	--	--	175,003
Transportation	7,310	--	2,699	--	--	--	--	10,009
Meals	--	--	123,224	1,413	--	--	--	124,637
Speaker Honorarium	9,780	16,012	15,761	--	--	--	--	41,553
Entertainment	--	2,500	1,200	--	--	--	--	3,700
Photography	1,550	2,000	500	--	--	--	--	4,050
Insurance	1,380	1,619	677	129	435	72	42	4,354
Awards/Outreach	902	--	20,639	4,901	--	--	--	26,442
Other	593	1,443	1,317	9,990	--	--	--	13,343
Donated Services	10,644	23,431	--	298,936	95,085	15,647	9,628	453,371
Investment Advisory Fees	--	--	--	--	--	19,324	--	19,324
Temporary Staff	1,168	750	--	--	--	--	--	1,918
Travel	9,112	1,970	16,007	20,966	55,283	9,097	5,599	118,034
Printing and Publications	4,528	2,968	1,577	6,053	1,386	228	141	16,881
Other	--	279	--	207	666	1,260	73	2,485
Computer Software and Hardware	75	--	4,005	20	18,083	2,976	1,831	26,990
Bank and Credit Card Fees	9,390	11,158	8,086	544	22,056	3,630	14,069	68,933
Professional Services	23,526	27,297	3,834	63,127	--	119,920	--	237,704
Postage and Delivery Services	917	516	1,024	3,269	678	112	70	6,586
Insurance	--	--	--	--	7,568	1,245	766	9,579
Meals and Entertainment	--	--	195	4,434	813	134	81	5,657
Office Equipment	--	--	331	--	16,752	2,757	1,696	21,536
Graphic Design and Production	925	3,957	4,650	5,853	313	52	31	15,781
Dues and Subscriptions	--	--	260	3,000	1,257	207	127	4,851
Website Maintenance and Development	--	--	36,990	28,010	--	--	--	65,000
Telephone and Internet Access	663	919	2,415	6,929	10,433	1,717	1,057	24,133
Supplies	1,017	1,422	346	26	4,834	795	490	8,930
Staff Training and Development	--	--	40	--	5,511	907	558	7,016
Moving Expense	--	--	--	--	24,908	4,099	2,522	31,529
Occupancy – Rent and Utilities	--	--	--	--	107,483	17,687	10,884	136,054
Totals	\$ 374,574	\$ 383,425	\$ 289,856	\$ 474,377	\$ 1,210,647	\$ 339,617	\$ 134,435	\$ 3,206,931

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.

Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013
Arthur W. Page Society, Inc.

	<u>2014</u>	<u>2013</u>
Operating Activities:		
Receipts:		
Member Dues	\$ 1,319,326	\$ 1,049,565
Contributions	545,404	484,545
Events	1,251,030	1,167,505
Interest	214	365
Miscellaneous	9,564	12,374
Total Receipts	<u>3,125,538</u>	<u>2,714,354</u>
Cash Disbursements	<u>(2,816,006)</u>	<u>(1,991,737)</u>
Net Cash Provided by (Used in) Operating Activities	309,532	722,617
Investing Activities:		
Purchase of Investments	--	(662,000)
Sale of Investments	--	177,372
Net Cash Used in Investing Activities	<u>--</u>	<u>(484,628)</u>
Net Change in Cash	309,532	237,989
Cash, Beginning of Year	<u>531,347</u>	<u>293,358</u>
Cash, End of Year	<u>\$ 840,879</u>	<u>\$ 531,347</u>
Reconciliation of Change in Net Assets to Net Cash from Operating Activities:		
Change in Net Assets	\$ 382,381	\$ 476,973
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Investment (Gains)/Losses	(39,250)	(111,826)
Investment Income Reinvestments	(13,577)	(23,197)
Pledge Restricted to Long-Term Investment	(118,040)	--
Changes in:		
Receivables	91,220	(80,371)
Prepaid Expenses	(35,572)	(7,984)
Security Deposit	(42,818)	(4)
Payables	(4,292)	101,261
Deferred Revenue	89,480	367,765
Net Cash Provided by (Used in) Operating Activities	<u>\$ 309,532</u>	<u>\$ 722,617</u>

See accompanying notes.

Notes to the Financial Statements
December 31, 2014 and 2013
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 \$634,000 and \$314,000 at December 31, 2014 and 2013, 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

The Society 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. The Society held no assets that met this criteria at December 31, 2014 and 2013.

Notes to the Financial Statements
December 31, 2014 and 2013
Arthur W. Page Society, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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.

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.

Notes to the Financial Statements
December 31, 2014 and 2013
Arthur W. Page Society, Inc.

NOTE 2 – NET ASSETS

Unrestricted – Designated for Reserves. 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.

Temporarily Restricted. Temporarily restricted net assets consist of the following:

	<u>2014</u>	<u>2013</u>
Purpose restrictions	\$ 1,000	\$ 13,000
Time restrictions		
Cash contributions to support subsequent year	50,105	21,800
Contribution receivables due in subsequent year	--	34,000
Pledge – John A. Koten Fund	<u>118,040</u>	<u>--</u>
Totals	<u>\$ 169,145</u>	<u>\$ 68,800</u>

A donor named the Society as a beneficiary of a portion of an individual retirement account, payable to the Society upon the death of the donor. The Society will use the proceeds to establish the John A. Koten Fund, which will be used to fund the annual case study competition grand prize. The Society recorded this contribution at the estimated proportionate fair value of the individual retirement account.

NOTE 3 – INVESTMENTS

The Society has invested in the following at year end.

	<u>2014</u>	<u>2013</u>
Cash and Certificates of Deposit	\$ 370,184	\$ 643,308
Mutual Funds:		
Primarily Debt Securities	858,969	701,811
Primarily Equity Securities	<u>675,488</u>	<u>506,695</u>
Totals at Market Value	<u>\$1,904,641</u>	<u>\$1,851,814</u>

Investment income includes the following:

	<u>2014</u>	<u>2013</u>
Interest Income	\$ 32,901	\$ 23,197
Gains and Losses	39,250	111,826
Advisory Fees	<u>(19,324)</u>	<u>(15,372)</u>
Net Investment Income	<u>\$ 52,827</u>	<u>\$ 119,651</u>

NOTE 4 – COMMITMENTS

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, 2014 and 2013 are approximately \$187,000 and \$136,000, respectively.

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; employees are fully vested after three years of employment. Total costs of \$26,779 and \$23,076 are included in salaries and benefits for 2014 and 2013, respectively.

Notes to the Financial Statements
December 31, 2014 and 2013
Arthur W. Page Society, Inc.

NOTE 6 – LEASE OF OFFICE SPACE

In May, 2014, the Society entered into a five-year lease for office space. The lease provides for a fixed rent credit for the first three months of occupancy and scheduled rent increases for each subsequent year of the lease. In accordance with generally accepted accounting principles, 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>Expenses</u>	<u>Net Payable</u>
2014	\$ 52,120	\$ 91,320	\$ 39,200
2015	157,663	156,549	38,086
2016	161,605	156,549	33,030
2017	165,645	156,549	23,934
2018	169,786	156,549	10,697
2019	115,061	104,364	--
Totals	<u>\$ 821,880</u>	<u>\$ 821,880</u>	<u>\$ --</u>

Total rental expense for the years ended December 31, 2014 and 2013 was \$127,639 and \$60,610, respectively.

The lease requires a security deposit of \$52,120 in form of a letter of credit issued by a commercial bank. The bank required the Society to purchase a certificate of deposit to secure the letter of credit.

NOTE 7 - SUBSEQUENT EVENTS

The Society has evaluated events and transactions for potential recognition or disclosure through August 7, 2015, which is the date the financial statements were available to be issued.