

Arthur W. Page

ARTHUR W. PAGE SOCIETY

ANNUAL REPORT

2015



THE ARTHUR W. PAGE SOCIETY CONTINUED TO GROW IN 2015, NOT ONLY IN TERMS OF MEMBERSHIP BUT ALSO STAFF, PROGRAMS AND ACTIVITIES. WE ARE DOING MORE THAN EVER TO ACHIEVE OUR MISSION OF STRENGTHENING THE ENTERPRISE LEADERSHIP ROLE OF THE CHIEF COMMUNICATIONS OFFICER (CCO).

Under the leadership of Page Society Chairman Gary Sheffer of General Electric, we undertook substantial research for a new report on the future of this increasingly critical position; convened member meetings large and small across the globe; initiated new efforts on advancing diversity and inclusion in the profession; and added staff to support communications, member services, event management and international member recruitment. Following is a summary of highlights from the past year.

Membership

The Page Society began 2015 with 578 members from 489 organizations, 9% of whom are based outside of the United States. We added 109 new members in 2015, and lost about 9% of the membership through natural attrition, due primarily to ineligibility resulting from those members changing jobs. As of January 2016, we have 630 members, a net year-over-year increase of 52 (8.9%).

Beginning in 2015, the Page Society is bolstering its efforts to become a more global membership organization. A more global Page Society will expand the member network, which is a key benefit of membership, and bring international perspectives into our ranks, our events and our work – an increasingly important goal as member enterprises expand their operations globally. Björn Edlund, an esteemed former CCO for ABB and Royal Dutch Shell and longtime Page member, was hired as our part-time vice president for Europe, Middle East and Africa to recruit members from outside the U.S.

Events & Programs

In April, we convened our 30th Spring Seminar in New York, bringing together over 300 senior communications leaders, the vast majority of whom are either Page Society or Page Up members. The conference's theme of "The Indispensable CCO" explored the progressively expansive contributions that CCOs make to organizational success. Jennifer Prosek of Prosek Partners chaired the conference, and the keynote speaker was Jack Welch, former chairman of General Electric.

Our Annual Conference – our largest members-only event – was held last year in Chicago and chaired by Dave Samson of Chevron, who became chairman of Page in 2016. The conference took a sweeping look at the global forces transforming the role of the CCO, from social and economic issues to the need for greater cultural intelligence and action on income inequality. General Stan McChrystal and General Electric CEO Jeff Immelt were the headline speakers.

We also convened Insight Forums – single-day meetings – in Washington, DC in June, as well as Cologne, Germany and Dubai, UAE in October. These events featured important group discussions that informed ongoing research into a new report on the future of the CCO.

Thought Leadership

While no white paper reports were issued in 2015, a subcommittee led by Jon Iwata of IBM and Sean O’Neill of Heineken undertook a robust research project aimed at understanding the dramatic evolution of the role of the CCO to date, and envisioning where the role is headed. In addition to the meetings noted above that provided input into this work, members performed a literature review related to changing C-Suite roles and conducted interviews with CEOs and other C-Suite members, executive recruiters and other senior business leaders to develop a representative point-of-view. The report is expected to be issued in early 2016.

Other thought leadership projects included developing a framework for building an “enterprise engagement system,” identifying and delivering resources related to acquiring the new skills and capabilities that CCOs must now possess, and establishing a methodical approach to measurement and evaluation of public relations that is rooted in the Page Model and other Society research findings.

Professional Development

In only its third year of existence, Page Up – a new membership organization for the senior-most members of Page members’ teams – continued to grow. Membership at the end of 2015 surpassed 180 members. The second Page Up Annual Conference was held in Chicago in October, drawing more than 90 attendees. Under the leadership of inaugural Chair Sherry Scott of Gagen MacDonald, the Page Up Operating Committee developed a three-year strategic plan.

Page also launched the 2015-16 class of the Future Leaders Experience – a two-year executive education program – with 38 participants. Students are high-potential leaders in the profession, and many go on to become Page Up or Page Society members.

Diversity & Inclusion

In the second and final year of his tenure, Page Chairman Gary Sheffer instituted a focus on advancing diversity and inclusion – both in the Page Society membership and in the profession more broadly. In November, the Page Board of Trustees adopted changes to the Page Principles – tenets that we believe should guide the practice of public relations – to incorporate more evident commitment to embracing diversity and inclusiveness. The Board also adopted a statement of commitment that Page will invest itself in pursuing greater diversity in the profession; diversifying its membership; undertaking research to better understand and overcome obstacles to diversity and inclusion; and providing resources to Page members to help them advance diversity within their own organizations.

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Arthur W. Page Society

Financial Statements
And
Independent Auditors' Report

December 31, 2015 and 2014

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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

Report on the Financial Statements

We have audited the accompanying financial statements of the Arthur W. Page Society (the Society), which comprise the statements of financial position as of December 31, 2015 and 2014, 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, 2015 and 2014, 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 29, 2016
Gainesville, Florida

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

-Albert Einstein

Statements of Financial Position
December 31, 2015 and 2014
Arthur W. Page Society

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets:		
Cash:		
Checking	\$ 124,617	\$ 161,761
Money Market	399,442	679,118
Total Cash	524,059	840,879
Pledges Receivable	44,500	7,600
Other Receivables	9,615	3,984
Prepayments	24,766	46,354
Investments	2,089,411	1,904,641
 Total Current Assets	 2,692,351	 2,803,458
Website Development Costs	72,352	--
Security Deposit - CD	52,169	52,125
Pledge – Designated for Long-Term Investment	118,040	118,040
 Total Assets	 \$ 2,934,912	 \$ 2,973,623
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 62,545	\$ 54,167
Payroll Taxes Payable	9,649	10,721
Member Credits	56,146	4,676
Rent Payable	42,112	39,200
Deferred Revenue – Event Fees	244,975	290,780
Deferred Revenue – Member Dues	545,908	639,890
 Total Liabilities	 961,335	 1,039,434
Net Assets:		
Temporarily Restricted	200,152	169,145
Unrestricted:		
Designated for Reserves	1,569,629	1,497,582
Operating	203,796	267,462
Total Unrestricted	1,773,425	1,765,044
 Total Net Assets	 1,973,577	 1,934,189
 Total Liabilities and Net Assets	 \$ 2,934,912	 \$ 2,973,623

See accompanying notes.

Statements of Activities
For the Years Ended December 31, 2015 and 2014
Arthur W. Page Society

	2015			2014		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:						
Member Dues	\$ 1,568,874	\$ --	\$ 1,568,874	\$ 1,214,117	\$ --	\$ 1,214,117
Contributions:						
Cash	489,935	76,112	566,047	415,300	168,145	583,445
In-Kind Services/Facilities	306,000	--	306,000	453,371	--	453,371
Total Contributions	<u>795,935</u>	<u>76,112</u>	<u>872,047</u>	<u>868,671</u>	<u>168,145</u>	<u>1,036,816</u>
Event Income:						
Annual Conference	446,443	--	446,443	407,975	--	407,975
Spring Seminar	463,967	--	463,967	484,790	--	484,790
Future Leaders Program	260,000	--	260,000	242,500	--	242,500
Other Events	147,445	--	147,445	121,185	--	121,185
Total Event Income	<u>1,317,855</u>	<u>--</u>	<u>1,317,855</u>	<u>1,256,450</u>	<u>--</u>	<u>1,256,450</u>
Exec. & Leadership Forums	13,387	--	13,387	8,636	--	8,636
Interest and Dividend Income	41,655	--	41,655	33,115	--	33,115
Miscellaneous Income	1,125	--	1,125	928	--	928
Net Assets Released From Restrictions	<u>45,105</u>	<u>(45,105)</u>	<u>--</u>	<u>67,800</u>	<u>(67,800)</u>	<u>--</u>
Total Revenues	3,783,936	31,007	3,814,943	3,449,717	100,345	3,550,062
Expenses:						
Programs:						
Annual Conference	539,201	--	539,201	374,574	--	374,574
Spring Seminar	468,641	--	468,641	383,425	--	383,425
Professional Development	373,929	--	373,929	289,856	--	289,856
Committees and Other	398,716	--	398,716	474,377	--	474,377
General Programs	<u>1,505,257</u>	<u>--</u>	<u>1,505,257</u>	<u>1,210,647</u>	<u>--</u>	<u>1,210,647</u>
Total Programs	<u>3,285,744</u>	<u>--</u>	<u>3,285,744</u>	<u>2,732,879</u>	<u>--</u>	<u>2,732,879</u>
Management and General	344,519	--	344,519	339,617	--	339,617
Fundraising	<u>91,018</u>	<u>--</u>	<u>91,018</u>	<u>134,435</u>	<u>--</u>	<u>134,435</u>
Total Expenses	3,721,281	--	3,721,281	3,206,931	--	3,206,931
Net from Operations	62,655	31,007	93,662	242,786	100,345	343,131
Gain (Loss) on Investments	<u>(54,274)</u>	<u>--</u>	<u>(54,274)</u>	<u>39,250</u>	<u>--</u>	<u>39,250</u>
Change in Net Assets	8,381	31,007	39,388	282,036	100,345	382,381
Net Assets, Beginning 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>
Net Assets, End of Year	<u>\$ 1,773,425</u>	<u>\$ 200,152</u>	<u>\$ 1,973,577</u>	<u>\$ 1,765,044</u>	<u>\$ 169,145</u>	<u>\$ 1,934,189</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2015
Arthur W. Page Society

	Program Services					Supporting Activities		Total
	Annual Conference	Spring Seminar	Professional Development	Committees & Other Programs	General Programs	Management and General	Fundraising	
Salaries and Benefits	\$ --	\$ --	\$ --	\$ --	\$ 1,133,414	\$ 218,778	\$ 59,282	\$1,411,474
Event Expenses:								
Facilities	267,627	282,437	84,518	--	--	--	--	634,582
Audio Visual	104,834	91,691	41,405	13,887	--	--	--	251,817
Food and Beverage	--	--	123,116	3,479	--	--	--	126,595
Speaker Honorarium	90,924	27,310	12,890	378	--	--	--	131,502
Other	12,670	7,007	38,431	15,909	--	--	--	74,017
Donated Services and Facilities	3,000	3,000	--	150,000	120,450	23,250	6,300	306,000
Travel, Meals, Entertainment	8,476	2,674	16,688	127,401	32,796	6,331	2,657	197,023
Bank and Credit Card Fees	9,722	10,135	14,900	860	27,445	--	11,612	74,674
Professional Services	29,974	35,923	3,264	68,187	--	59,511	--	196,859
Office Expenses	11,974	8,464	38,717	18,615	51,889	9,767	3,883	143,309
Occupancy – Rent and Utilities	--	--	--	--	139,263	26,882	7,284	173,429
Totals	\$ 539,201	\$ 468,641	\$ 373,929	\$ 398,716	\$ 1,505,257	\$ 344,519	\$ 91,018	\$ 3,721,281

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2014
Arthur W. Page Society

	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
Food and Beverage	--	--	123,224	1,413	--	--	--	124,637
Speaker Honorarium	9,780	16,012	15,761	--	--	--	--	41,553
Other	11,735	7,562	27,032	15,020	435	72	42	61,898
Donated Services and Facilities	10,644	23,431	--	298,936	95,085	15,647	9,628	453,371
Travel, Meals, Entertainment	9,112	1,970	16,202	25,400	56,096	9,231	5,680	123,691
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	--	139,244	--	257,028
Office Expenses	9,293	10,811	51,638	53,367	67,481	12,256	6,840	211,686
Occupancy – Rent and Utilities	--	--	--	--	107,483	17,687	10,884	136,054
Moving Expense	--	--	--	--	24,908	4,099	2,522	31,529
Totals	\$ 374,574	\$ 383,425	\$ 289,856	\$ 474,377	\$ 1,210,647	\$ 339,617	\$ 134,435	\$ 3,206,931

See accompanying notes.

Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014
Arthur W. Page Society

	<u>2015</u>	<u>2014</u>
Operating Activities:		
Change in Net Assets	\$ 39,388	\$ 382,381
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Investment (Gains)/Losses	54,274	(39,250)
Donated Securities	(5,162)	--
Investment Income Reinvestments	(21,382)	(13,577)
Pledge Restricted to Long-Term Investment	--	(118,040)
Changes in:		
Receivables	(42,531)	91,220
Prepaid Expenses	21,588	(35,572)
Security Deposit	(44)	(42,818)
Payables	61,688	(4,292)
Deferred Revenue	(139,787)	89,480
Net Cash Provided by (Used in) Operating Activities	(31,968)	309,532
Investing Activities:		
Website Development Costs	(72,352)	--
Purchase of Investments	(212,500)	--
Net Cash Used in Investing Activities	(284,852)	--
Net Change in Cash	(316,820)	309,532
Cash, Beginning of Year	840,879	531,347
Cash, End of Year	\$ 524,059	\$ 840,879

See accompanying notes.

Notes to the Financial Statements
December 31, 2015 and 2014
Arthur W. Page Society

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Arthur W. Page Society 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 (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. Bank balances exceeded the federal deposit insurance threshold of \$250,000 by approximately \$403,000 and \$634,000 at December 31, 2015 and 2014, 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.

Website Development Costs

The Society capitalizes costs to develop internal-use website software during the application development and graphics development stages. Costs of planning, content development and operations are expensed as incurred.

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 criterion at December 31, 2015 and 2014.

Notes to the Financial Statements
December 31, 2015 and 2014
Arthur W. Page Society

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, 2015 and 2014
Arthur W. Page Society

NOTE 2 – WEBSITE DEVELOPMENT COSTS

The Society incurred costs to develop a significant upgrade to its website during 2015. Website development will be completed in 2016 at which point cost will be amortized over the expected useful life of four years.

NOTE 3 – INVESTMENTS

The Society has invested in the following at year end.

	<u>2015</u>	<u>2014</u>
Cash and Certificates of Deposit	\$ 46,335	\$ 370,184
Mutual Funds:		
Primarily Debt Securities	1,208,020	858,969
Primarily Equity Securities	<u>835,056</u>	<u>675,488</u>
Totals at Market Value	<u>\$ 2,089,411</u>	<u>\$1,904,641</u>

Investment income includes the following:

	<u>2015</u>	<u>2014</u>
Interest Income	\$ 41,251	\$ 32,901
Gains and (Losses)	(54,274)	39,250
Advisory Fees	<u>(19,869)</u>	<u>(19,324)</u>
Net Investment Income	<u>\$ (32,892)</u>	<u>\$ 52,827</u>

NOTE 4 – 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>2015</u>	<u>2014</u>
Purpose restrictions	\$ 6,000	\$ 1,000
Time restrictions		
Cash contributions to support subsequent year	48,612	50,105
Contribution receivables due in subsequent year	27,500	--
Pledge – John A. Koten Fund	<u>118,040</u>	<u>118,040</u>
Totals	<u>\$ 200,152</u>	<u>\$ 169,145</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 5 – 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, 2015 and 2014 are approximately \$530,000 and \$187,000, respectively.

Notes to the Financial Statements
December 31, 2015 and 2014
Arthur W. Page Society

NOTE 6 – 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 \$34,925 and \$26,779 are included in salaries and benefits for 2015 and 2014, respectively.

NOTE 7 – 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>Expensed</u>	<u>Net Payable</u>
2014	\$ 60,526	\$ 104,642	\$ 44,116
2015	158,966	156,963	42,113
2016	162,940	156,963	36,136
2017	167,014	156,963	26,085
2018	171,189	156,963	11,859
2019	116,500	104,641	--
Totals	<u>\$ 837,135</u>	<u>\$ 837,135</u>	<u>\$ --</u>

Total rental expense for the years ended December 31, 2015 and 2014 was \$173,429 and \$127,639 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 8 - SUBSEQUENT EVENTS

The Society has evaluated events and transactions for potential recognition or disclosure through August 29, 2016, which is the date the financial statements were available to be issued.