

DELTA KAPPA GAMMA SOCIETY
OHIO STATE ORGANIZATION

COMPILED FINANCIAL STATEMENTS
FOR FISCAL YEARS ENDED

JUNE 30, 2021 AND 2020

DELTA KAPPA GAMMA SOCIETY OHIO STATE ORGANIZATION

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Anderson-Kurtz

Financial Services LLC

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Executive Board
Delta Kappa Gamma Society Ohio State Organization
Cincinnati, Ohio

Management is responsible for the accompanying financial statements of Delta Kappa Gamma Society Ohio State Organization (a nonprofit organization, the "Organization"), which comprise the statement of assets, liabilities and net assets as of June 30, 2021, and the related statements of revenues, expenses and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework.

I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements, nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

I draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Other Matters

The financial statements as of and for the period ended June 30, 2020 were compiled by Vanessa L. Blevins, CPA & Company LLC, and they issued their report on October 17, 2020.

Anderson-Kurtz Financial Services LLC

Anderson-Kurtz Financial Services LLC
Cincinnati, Ohio
September 23, 2021

DELTA KAPPA GAMMA SOCIETY OHIO STATE ORGANIZATION
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
AS OF JUNE 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 156,022	\$ 141,843
Cash and cash equivalents, board restricted	1,698	-
Total cash and cash equivalents	157,720	141,843
Certificates of deposit, board restricted	12,209	11,584
Total current assets	169,929	153,427
OTHER ASSETS		
Investment	50,384	46,139
Prepaid expenses	10,347	1,221
Total other assets	60,731	47,360
TOTAL ASSETS	\$ 230,660	\$ 200,787
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Credit card payable	\$ 1,106	\$ 125
Deferred membership dues	506	358
Total current liabilities	1,612	483
NET ASSETS		
Undesignated net assets	215,141	188,720
Board designated net assets		
Reserve fund	12,209	11,584
Scholarship fund	1,698	-
Total board designated net assets	13,907	11,584
Total net assets without donor restrictions	229,048	200,304
TOTAL LIABILITIES AND NET ASSETS	\$ 230,660	\$ 200,787

See accompanying notes and independent accountant's compilation report.

DELTA KAPPA GAMMA SOCIETY OHIO STATE ORGANIZATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

	2021	2020
OPERATING ACTIVITIES		
OPERATING REVENUE		
Membership dues and initiation fees	\$ 38,008	\$ 42,118
Board designated scholarship fees	1,698	-
Other fees	-	215
Interest and dividends	1,999	5,171
Gain/(Loss) on investments	2,878	(4,233)
Miscellaneous	2,734	808
TOTAL OPERATING REVENUE	47,317	44,079
OPERATING EXPENSES		
Program services	14,008	15,059
Management and general	4,565	10,752
TOTAL OPERATING EXPENSES	18,573	25,811
CHANGE IN TOTAL NET ASSETS	28,744	18,268
NET ASSETS, BEGINNING OF YEAR	200,304	182,036
NET ASSETS, END OF YEAR	\$ 229,048	\$ 200,304

See accompanying notes and independent accountant's compilation report.

DELTA KAPPA GAMMA SOCIETY OHIO STATE ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	2021		
	Program Services	Management and General	Total
Committees	\$ 764	\$ -	\$ 764
International and regional meetings	-	-	-
Executive and advisory board meetings	647	-	647
Leadership development	-	-	-
President office expenses	853	-	853
Treasurer office expenses	201	-	201
Salaries and payroll taxes	5,795	1,931	7,726
Accounting fees and financial review	-	2,233	2,233
State convention	1,553	-	1,553
Contributions	1,050	-	1,050
Publications	1,118	-	1,118
Other program expense	801	-	801
Insurance	-	276	276
Website and webmaster	739	-	739
Other Information technology (Google Suite)	487	-	487
Bank and other service charges	-	125	125
Total expenses	\$ 14,008	\$ 4,565	\$ 18,573

See accompanying notes and independent accountant's compilation report.

DELTA KAPPA GAMMA SOCIETY OHIO STATE ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	2020		
	Program Services	Management and General	Total
Committees	\$ 869	\$ -	\$ 869
International and regional meetings	3,524	-	3,524
Executive and advisory board meetings	4,242	-	4,242
Leadership development	2,619	-	2,619
President office expenses	-	35	35
Treasurer office expenses	-	495	495
Salaries and payroll taxes	-	7,482	7,482
Accounting fees and financial review	-	2,000	2,000
State convention	309	-	309
Contributions	1,150	-	1,150
Publications	2,346	-	2,346
Other administrative expense	-	740	740
	<u>\$ 15,059</u>	<u>\$ 10,752</u>	<u>\$ 25,811</u>

See accompanying notes and independent accountant's compilation report.

DELTA KAPPA GAMMA SOCIETY OHIO STATE ORGANIZATION
STATEMENTS OF CASH FLOWS
MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 28,744	\$ 18,268
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in prepaids	(9,126)	(9)
Change in credit cards payable	988	(1,076)
Change in deferred membership dues	148	88
	20,754	17,271
Net cash provided (used) by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Market value adjustment	\$ (2,878)	4,233
Interest and dividend income	(1,999)	(5,112)
	(4,877)	(879)
Net cash provided (used) by investing activities		
NET CHANGE IN CASH AND CASH EQUIVALENTS	15,877	16,392
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	141,843	125,451
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 157,720	\$ 141,843

See accompanying notes and independent accountant's compilation report.

DELTA KAPPA GAMMA SOCIETY OHIO STATE ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. ORGANIZATION AND NATURE OF ACTIVITIES

Delta Kappa Gamma Society Ohio State Organization (the "Organization") is a nonprofit professional organization of key women educators, which was formed to promote the purpose of Delta Kappa Gamma Society International, act as a liaison between its members and the international organization and provide leadership training. Its membership consists of women educators in Ohio. The Organization is funded primarily by membership dues and is supported by volunteers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when incurred. Modifications include recognition of prepaid expenses, credit card and deferred liabilities.

Measure of Operations

The statements of revenues, expenses and changes in net assets report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing programs and include resources that generate return from investments, interest and dividends earned on investments. Non-operating activities include other activities considered to be of a more unusual or nonrecurring nature. The Organization did not have non-operating activities in 2021 and 2020.

Cash and Cash Equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent highly liquid investments with maturities of three months or less when purchased. Board restricted cash and cash equivalents represent scholarship funds held for future use.

Concentrations of Credit Risk

The Organization maintains its cash and cash equivalents with high credit quality financial institutions, which at times may exceed federally insured limits. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to \$250,000, per depositor at each insured financial institution. None of the Organizations' cash was in excess of federally insured limits for the years ended June 30, 2021 and 2020. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents

DELTA KAPPA GAMMA SOCIETY OHIO STATE ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Certificates of Deposit

Certificates of deposit consist of certificates with maturities of approximately one year held at high quality financial institutions. They represent reserve funds required to be maintained by the international organization and are restricted by board designation.

Investments

Investments purchased by the Organization are initially recorded at cost, and donated investments are recorded at fair value on the date they are received as a donation. Subsequent to their acquisition, investments in marketable securities with readily determinable fair values and investments in debt securities are adjusted to their fair values based on quoted market prices as of the date of the statement of assets, liabilities, and net assets. Investment gains and losses are included in the statement of revenues, expenses, and changes in net assets.

Revenue Recognition

Members are subject to membership dues and fees which are collected annually. Membership dues include scholarship fees that are set aside by the Board. The membership dues are comprised of an exchange element based on the benefits received and are recognized over the membership period.

Net Assets

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. These net assets may be used at the discretion of the Organization’s management and board of directors for any purpose in performing the primary objectives of the Organization.

The use of certain net assets is restricted based on designations assigned by the board of directors. These include reserve funds required to be maintained by the international organization and scholarship fees that are held for future use.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature; those restrictions are met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2021 and 2020, the Organization did not have net assets with donor restrictions.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

DELTA KAPPA GAMMA SOCIETY OHIO STATE ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes, continued

The Organization's management has evaluated the support for its tax positions taken and determined no material uncertainties exist that would require disclosure or provision for the effects of uncertain tax positions for the years ended June 30, 2021 and 2020.

The Organization files tax returns in the U.S. federal and state jurisdictions. With few exceptions, the Organization is no longer subject to examinations by tax authorities for years before 2016. The Organization is not currently under audit and has not been contacted by a tax authority.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a natural basis in the statement of revenues and expenses and on a functional basis in the schedule of functional expenses. Expenses are directly applied when applicable. Other expenses are allocated based on a periodic review performed by management. For the year ended June 30, 2021, management determined that President office expenses and Treasurer office expenses should be allocated 100% to program services. Salaries and payroll taxes should be allocated 75% to program services and 25% to management and general based on a time and effort analysis. These expenses were allocated 100% to management and general in the year ended June 30, 2020.

In the year ended June 30, 2021 approximately 75% of the Organization's total expenses related to program services and 25% to supporting services. In the year ended June 30, 2020 approximately 58% of the Organization's total expenses related to program services and 42% to management and general.

Related Party Transactions

The Organization is affiliated with a 501(c)(3) foundation, an international organization, and various chapters in the state of Ohio. Annual contributions are typically made to the foundation and an emergency fund. They are summarized in Note 6.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform with the presentation in the current year.

DELTA KAPPA GAMMA SOCIETY OHIO STATE ORGANIZATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Date of Management's Review

Subsequent events have been evaluated through September 23, 2021, the date the financial statements were available to be issued.

3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general expenditure at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 157,720	\$ 141,843
Certificates of deposit	12,209	11,584
Investments	<u>50,384</u>	<u>46,139</u>
Financial assets available at year-end	220,313	199,566
Less board designated net assets unavailable for general expenditures within one year	<u>(13,907)</u>	<u>(11,584)</u>
Financial assets available to meet general expenditures over next 12 months	<u>\$ 206,406</u>	<u>\$ 187,982</u>

In accordance with the Constitution of The Delta Kappa Gamma Society International, each state organization which does not have a headquarters building should maintain an available fund reserve which is not less than one year's operating expenses. The Organization does not have a headquarters building and operating expenses for the years ended June 30, 2021 and 2020 were \$18,573 and \$25,811, respectively.

4. INVESTMENTS

Investments consist of the following:

	<u>2021</u>	<u>2020</u>
Mutual Funds		
BNY Mellon funds US Mtg Fund Class A	\$ 19,045	\$ 18,963
Hartford Funds Balanced Fund Class A	<u>31,339</u>	<u>27,176</u>
	<u>\$ 50,384</u>	<u>\$ 46,139</u>

DELTA KAPPA GAMMA SOCIETY OHIO STATE ORGANIZATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

INVESTMENTS, continued

U.S. GAAP establishes a framework for measuring fair value and provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to Level 1 inputs, unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are other than quoted prices within the Level 1 that are observable either directly or indirectly. Level 3 includes unobservable inputs. The Organization's investments were valued with Level 1 inputs as of June 30, 2021 and 2020.

The Organization invests in various investment securities through brokerage accounts. Investment securities are exposed to various risks such as interest rates, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect investment income and total net assets.

5. BOARD DESIGNATED NET ASSETS

A reconciliation of board designated net assets is as follows:

	<u>Reserve</u>	<u>Scholarship</u>	<u>Total</u>
Balance, June 30, 2020	\$ 11,584	\$ -	\$ 11,584
Reserve interest	625		625
AW Blanton scholarship fees	<u>-</u>	<u>1,698</u>	<u>1,698</u>
Balance, June 30, 2021	<u>\$ 12,209</u>	<u>\$ 1,698</u>	<u>\$ 13,907</u>

6. RELATED PARTY TRANSACTIONS AND CONCENTRATIONS

The Organization has one trustee (the President) who also a non-voting, ex-officio board member of the Foundation, a related but separate 501(c)(3) organization. Neither entity controls the other. For the year ended June 30, 2021, \$500 was contributed to the Foundation and \$500 to the International Delta Kappa Gamma Emergency Fund.

7. LINE OF CREDIT

The Organization has an unsecured line of credit of \$50,000 on a credit card as of June 30, 2021. Available credit as of June 30, 2021 was approximately \$49,000. The annual percentage rate of interest (APR) on the credit card was 9.99% as of June 30, 2021.

DELTA KAPPA GAMMA SOCIETY OHIO STATE ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

8. SUBSEQUENT EVENTS – COVID-19

The Organization evaluated its June 30, 2021 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of COVID-19 coronavirus Delta variant and other potential variants, economic uncertainties have arisen which may negatively impact membership revenue and convention revenue. Other financial impact could occur though such potential impact is unknown at this time.