

DELTA KAPPA GAMMA SOCIETY
OHIO STATE ORGANIZATION

Financial Statements
Years Ended June 30, 2023 and 2022
with Independent Accountant's Compilation Report

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, 2023 and 2022, and the related statements of revenues, expenses and changes in net assets, functional expenses, and cash flows for the years 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.

Anderson-Kurtz Financial Services LLC

Anderson-Kurtz Financial Services LLC
Cincinnati, Ohio
October 20, 2023

Delta Kappa Gamma Society Ohio State Organization
 Statements of Assets, Liabilities and Net Assets
 Modified Cash Basis
 June 30, 2023 and 2022

	2023	2022
Assets:		
Current assets:		
Cash and cash equivalents	\$ 821	\$ 163,117
Cash and cash equivalents, board restricted	12,000	17,700
	12,821	180,817
Other assets:		
Investments	193,189	45,055
Investments, board restricted	10,000	-
Prepaid expenses	1,385	2,861
Total other assets	204,574	47,916
Total assets	\$ 217,395	\$ 228,733
 Liabilities and net assets:		
Current liabilities:		
Credit card payable	\$ -	\$ 123
Deferred membership dues	-	286
Total current liabilities	-	409
 Net assets:		
Undesignated net assets	191,045	210,624
Board designated net assets:		
Available fund reserve	12,000	16,002
Growth and development	10,000	-
President's Project	4,350	-
Scholarship fund	-	1,698
Total board designated net assets	26,350	17,700
Total net assets without donor restrictions	217,395	228,324
Total liabilities and net assets	\$ 217,395	\$ 228,733

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
 Years Ended June 30, 2023 and 2022

	2023	2022
Operating activities:		
Operating revenue:		
Membership dues and initiation fees	\$ 33,417	\$ 36,305
Board designated scholarship fees	1,340	1,553
Convention/conference revenue	21,601	5,077
Investment income, net	3,187	(5,318)
Miscellaneous	4,659	1,478
Total operating revenue	64,204	39,095
Operating expenses:		
Program services	70,847	35,550
Management and general	4,286	4,269
Total operating expenses	75,133	39,819
Change in net assets	(10,929)	(724)
Net assets, beginning of year	228,324	229,048
Net assets, end of year	\$ 217,395	\$ 228,324

See accompanying notes and independent accountant's compilation report.

Delta Kappa Gamma Society Ohio State Organization
Statement of Functional Expenses
Modified Cash Basis
Year Ended June 30, 2023

	2023		
	Program Services	Management and General	Total
Committees	\$ 1,601	\$ -	\$ 1,601
International and regional meetings	6,427	-	6,427
Executive and advisory board meetings	4,313	-	4,313
President office expenses	29	-	29
Treasurer office expenses	412	-	412
Salaries and payroll taxes	6,270	2,090	8,360
Accounting fees and financial review	-	1,850	1,850
State convention/conference expense	40,415	-	40,415
Contributions	1,890	-	1,890
Publications	599	-	599
Other program expense	7,697	-	7,697
Insurance	-	276	276
Website and webmaster	704	-	704
Other Information technology (Google Suite)	490	-	490
Bank and other service charges	-	70	70
	\$ 70,847	\$ 4,286	\$ 75,133
Total expenses			

See accompanying notes and independent accountant's compilation report.

Delta Kappa Gamma Society Ohio State Organization
Statement of Functional Expenses
Modified Cash Basis
Year Ended June 30, 2022

	2022		
	Program Services	Management and General	Total
Committees	\$ 281	\$ -	\$ 281
International and regional meetings	7,179	-	7,179
Executive and advisory board meetings	6,864	-	6,864
Leadership development	4,108	-	4,108
President office expenses	161		161
Treasurer office expenses	255		255
Salaries and payroll taxes	5,948	1,983	7,931
Accounting fees and financial review	-	1,940	1,940
State convention/conference expense	4,692	-	4,692
Contributions	2,603	-	2,603
Publications	599	-	599
Other program expense	1,769	-	1,769
Insurance	-	276	276
Website and webmaster	676	-	676
Other Information technology (Google Suite)	415	-	415
Bank and other service charges	-	70	70
	\$ 35,550	\$ 4,269	\$ 39,819
Total expenses			

See accompanying notes and independent accountant's compilation report.

Delta Kappa Gamma Society Ohio State Organization
 Statements of Cash Flows
 Modified Cash Basis
 Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (10,929)	\$ (724)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in prepaids	1,476	7,486
Change in credit cards payable	(123)	(983)
Change in deferred membership dues	(286)	(220)
Net cash provided (used) by operating activities	(9,862)	5,559
Cash flows from investing activities:		
Proceeds from maturity of certificate of deposit	\$ -	\$ 12,220
Purchase of investments	(154,947)	-
Sale of investments	1,150	-
Market value adjustment	(273)	8,027
Interest and dividend income	(4,064)	(2,709)
Net cash provided (used) by investing activities	(158,134)	17,538
Net change in cash and cash equivalents	(167,996)	23,097
Cash and cash equivalents - beginning of year	180,817	157,720
Cash and cash equivalents - end of year	\$ 12,821	\$ 180,817

See accompanying notes and independent accountant's compilation report.

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 Accounting

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 (US GAAP). 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 membership dues.

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 2023 and 2022.

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 the available fund reserve and 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, 2023 and 2022. 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.

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.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Other observable inputs, either directly or indirectly, including:

- quoted prices for similar assets/liabilities in active markets;
- quoted prices for identical or similar assets in non-active markets;
- inputs other than quoted prices that are observable for the asset or liability; and,
- inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

Deferred Membership Dues

Membership dues collected prior to the fiscal year to which they relate are deferred and recognized in the period in which they relate.

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

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. From time to time the Organization receives grants from affiliated organizations that are designated for future periods or restricted by the donor for specific purposes. Such grants are reported as restricted support that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the grant is received, the Organization reports that support as unrestricted. There were no net assets with donor restrictions as of June 30, 2023 or 2022.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code, except on net income derived from unrelated business activities. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The Organization had no unrelated business income in the years ended June 30, 2023 or 2022. Accordingly, no provision for income taxes has been reflected in these financial statements.

Additionally, there is no tax-related interest or penalties recognized in the financial statements. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of revenues, expenses, and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, expenses are directly applied to program services and management and general expenses as applicable. Salaries and payroll taxes are allocated based on time and effort. Management performs a periodic review of the allocations and they are determined on an equitable basis.

In the year ended June 30, 2023 approximately 94% of the Organization's total expenses related to program services and 6% to management and general. In the year ended June 30, 2022 approximately 89% of the Organization's total expenses related to program services and 11% 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 7.

Date of Management’s Review

Subsequent events have been evaluated through October 20, 2023, 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 12,821	\$ 180,817
Investments	<u>203,189</u>	<u>45,005</u>
Financial assets available at year-end	216,010	225,822
Less board designated net assets unavailable for general expenditures within one year	<u>(26,350)</u>	<u>(17,700)</u>
Financial assets available to meet general expenditures over next 12 months	<u>\$ 189,660</u>	<u>\$ 208,122</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. Refer to Note 6 for the calculation of the available fund reserve.

4. INVESTMENTS

Investments consist of the following at June 30:

	<u>FYE 2023</u>	
	<u>Market Value</u>	<u>Cost</u>
Cash Alternatives	\$ 29,593	\$ 29,593
US Large Cap Equity	7,979	7,892
US Mid Cap Equity	17,750	17,092
US Corporate Investment Fixed Income	41,903	41,649
US Government Fixed Income	74,356	73,895
Other Alternatives	5,665	6,198
Commodities	<u>25,943</u>	<u>26,569</u>
	<u>\$ 203,189</u>	<u>\$ 202,888</u>

Delta Kappa Gamma Society Ohio State Organization
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

	FYE 2022	
	Market Value	Cost
BNY Mellon funds US Mtg Fund Class A	\$ 17,347	\$ 17,347
Hartford Funds Balanced Fund Class A	27,803	27,803
Uninvested cash	(95)	(95)
	\$ 45,055	\$ 45,055

Net investment return consists of the following for the years ended June 30:

	2023	2022
Interest and dividends	\$ 4,064	\$ 2,709
Gain/(loss) on investments	273	(8,027)
Investment fees	(1,150)	-
Investment return, net	\$ 3,187	\$ (5,318)

5. FAIR VALUE MEASUREMENTS

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.

Fair values of assets measured on a recurring basis consist of the following at June 30:

	2023			Total
	Level 1	Level 2	Level 3	
Cash Alternatives	\$ 29,593	\$ -	\$ -	\$ 29,593
US Large Cap Equity	7,979	-	-	7,979
US Mid Cap Equity	17,750	-	-	17,750
US Corporate Investment Fixed Income	41,903	-	-	41,903
US Government Fixed Income	74,356	-	-	74,356
Other Alternatives	5,665	-	-	5,665
Commodities	25,943	-	-	25,943
	\$203,189	\$ -	\$ -	\$203,189

Delta Kappa Gamma Society Ohio State Organization
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

	2022			
	Level 1	Level 2	Level 3	Total
BNY Mellon funds US Mtg Fund Class A	\$ 17,347	\$ -	\$ -	\$ 17,347
Hartford Funds Balanced Fund Class A	27,803	-	-	27,803
Uninvested cash	(95)	-	-	(95)
	\$ 45,055	\$ -	\$ -	\$ 45,055

6. BOARD DESIGNATED NET ASSETS

A reconciliation of board designated net assets are as follows:

	Reserve	Scholarship	Growth & Development	President's Project	Total
Balance, June 30, 2022	\$ 16,002	\$ 1,698	\$ -	\$ -	\$ 17,700
Board designated additions	-	-	10,000	10,000	20,000
Expenditures	-	(1,340)	-	(5,650)	(6,990)
Other adjustments	(4,002)	(358)	-	-	(4,360)
Balance, June 30, 2023	\$ 12,000	\$ -	\$ 10,000	\$ 4,350	\$ 26,350

7. 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, 2023, \$0 was contributed to the Foundation, \$500 was contributed to the International Delta Kappa Gamma Emergency Fund, and a \$1,340 scholarship fee was contributed to Alpha Delta State Ohio Educational Foundation. For the year ended June 30, 2022, \$500 was contributed to the Foundation, \$500 was contributed to the International Delta Kappa Gamma Emergency Fund, and a \$1,553 scholarship fee was contributed to Alpha Delta State Ohio Educational Foundation.

8. LINE OF CREDIT

The Organization has an unsecured line of credit of \$50,000 on a credit card. Available credit as of June 30, 2023 and 2022 was approximately \$50,000 and \$49,900, respectively. The annual percentage rate of interest (APR) on the credit card was 14.24% as of June 30, 2023 and 9.99% as of June 30, 2022.