

DELTA KAPPA GAMMA SOCIETY
OHIO STATE ORGANIZATION

Financial Statements
Years Ended June 30, 2022 and 2021
with Independent Accountant's Compilation Report

DELTA KAPPA GAMMA SOCIETY OHIO STATE ORGANIZATION

Table of Contents

	Page
Independent Accountant's Compilation Report	1
Financial Statements	
Statements of Assets, Liabilities and Net Assets	2
Statements of Revenues, Expenses and Changes in Net Assets	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-12



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, 2022 and 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.

Anderson-Kurtz Financial Services LLC

Anderson-Kurtz Financial Services LLC
Cincinnati, Ohio
August 22, 2022

Delta Kappa Gamma Society Ohio State Organization
 Statements of Assets, Liabilities and Net Assets
 Modified Cash Basis
 June 30, 2022 and 2021

	2022	2021
Assets:		
Current assets:		
Cash and cash equivalents	\$ 163,117	\$ 156,022
Cash and cash equivalents, board restricted	17,700	1,698
	180,817	157,720
Certificates of deposit, board restricted	-	12,209
Total current assets	180,817	169,929
Other assets:		
Investment	45,055	50,384
Prepaid expenses	2,861	10,347
Total other assets	47,916	60,731
Total assets	\$ 228,733	\$ 230,660
Liabilities and net assets:		
Current liabilities:		
Credit card payable	\$ 123	\$ 1,106
Deferred membership dues	286	506
Total current liabilities	409	1,612
Net assets:		
Undesignated net assets	210,624	215,141
Board designated net assets:		
Available fund reserve	16,002	12,209
Scholarship fund	1,698	1,698
Total board designated net assets	17,700	13,907
Total net assets without donor restrictions	228,324	229,048
Total liabilities and net assets	\$ 228,733	\$ 230,660

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, 2022 and 2021

	2022	2021
Operating activities:		
Operating revenue:		
Membership dues and initiation fees	\$ 36,305	\$ 38,008
Board designated scholarship fees	1,553	1,698
Convention/conference revenue	5,077	-
Interest and dividends	2,709	1,999
Gain/(Loss) on investments	(8,027)	2,878
Miscellaneous	1,478	2,734
Total operating revenue	39,095	47,317
Operating expenses:		
Program services	35,550	14,008
Management and general	4,269	4,565
Total operating expenses	39,819	18,573
Change in net assets	(724)	28,744
Net assets, beginning of year	229,048	200,304
Net assets, end of year	\$ 228,324	\$ 229,048

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
	<u>\$ 35,550</u>	<u>\$ 4,269</u>	<u>\$ 39,819</u>
Total expenses	<u>\$ 35,550</u>	<u>\$ 4,269</u>	<u>\$ 39,819</u>

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, 2021

	2021		
	Program Services	Management and General	Total
Committees	\$ 764	\$ -	\$ 764
Executive and advisory board meetings	647	-	647
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/conference expense	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
	\$ 14,008	\$ 4,565	\$ 18,573
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, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (724)	\$ 28,744
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in prepaids	7,486	(9,126)
Change in credit cards payable	(983)	988
Change in deferred membership dues	(220)	148
	5,559	20,754
Net cash provided (used) by operating activities	5,559	20,754
Cash flows from investing activities:		
Proceeds from maturity of certificate of deposit	\$ 12,220	\$ -
Market value adjustment	8,027	(2,878)
Interest and dividend income	(2,709)	(1,999)
	17,538	(4,877)
Net cash provided (used) by investing activities	17,538	(4,877)
Net change in cash and cash equivalents	23,097	15,877
Cash and cash equivalents - beginning of year	157,720	141,843
Cash and cash equivalents - end of year	\$ 180,817	\$ 157,720

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 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 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 2022 and 2021.

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, 2022 and 2021. 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.

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.

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

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, 2022 and 2021, 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.

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. Salaries and payroll taxes are allocated based on time and effort. Other expenses are allocated based on a periodic review performed by management.

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

Date of Management's Review

Subsequent events have been evaluated through August 22, 2022, 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, 2022 and 2021:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 180,817	\$ 157,720
Certificates of deposit	-	12,209
Investments	45,055	50,384
Financial assets available at year-end	225,872	220,313
Less board designated net assets unavailable for general expenditures within one year	(17,700)	(13,907)
Financial assets available to meet general expenditures over next 12 months	\$ 208,172	\$ 206,406

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 5 for the calculation of the available fund reserve.

4. INVESTMENTS

Investments consist of the following:

	2022	2021
Mutual Funds		
BNY Mellon funds US Mtg Fund Class A	\$ 17,347	\$ 19,045
Hartford Funds Balanced Fund Class A	27,803	31,339
Uninvested cash	(95)	-
	\$ 45,055	\$ 50,384

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, 2022 and 2021.

Delta Kappa Gamma Society Ohio State Organization
Notes to Financial Statements
Years Ended June 30, 2022 and 2021

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 are as follows:

	<u>Reserve</u>	<u>Scholarship</u>	<u>Total</u>
Balance, June 30, 2021	\$ 12,209	\$ 1,698	\$ 13,907
Reserve interest	1	-	1
Reserve dues 2021-2022	3,792	-	3,792
AW Blanton scholarship fees	-	1,553	1,553
AW Blanton fees paid	<u>-</u>	<u>(1,553)</u>	<u>(1,553)</u>
Balance, June 30, 2022	<u>\$ 16,002</u>	<u>\$ 1,698</u>	<u>\$ 17,700</u>

As of June 30, 2020, the available fund reserve reached more than 1 year of management and general operating expenses of \$10,753. Since that date, the available fund reserve had been accumulating interest and annual reserve dues. Management and general expenses were \$4,269 and \$4,565 for the years ended June 30, 2022 and 2021, respectively.

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, 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. 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. Available credit as of June 30, 2022 and 2021 was approximately \$49,900 and \$49,000, respectively. The annual percentage rate of interest (APR) on the credit card was 9.99% as of June 30, 2022 and 2021.

8. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Organization's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, delays, loss of, or reduction to, revenue and funding. Management believes the Organization is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.