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**Delta Mu Delta
Honor Society**

**Financial Statements
and
Independent Auditor's Report
For the Year Ended
June 30, 2012**

Wolf & Company LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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We conducted the independent audit of assets and net assets - cash basis of DELTA MU DELTA HO... 2012, and the related statement of revenues and expenses - cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2011 financial statements and, in our report dated September 5, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets - cash basis of Delta Mu Delta Honor Society as of June 30, 2012, and its revenues and expenses - cash basis for the year then ended, on the basis of accounting described in Note 1.

Oakbrook Terrace, Illinois
October 23, 2012

Wolf & Company LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Delta Mu Delta Honor Society
Brookfield, Illinois

We have audited the accompanying statement of assets and net assets - cash basis of DELTA MU DELTA HONOR SOCIETY as of June 30, 2012, and the related statement of revenues and expenses - cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Organization's 2011 financial statements and, in our report dated September 6, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets - cash basis of Delta Mu Delta Honor Society as of June 30, 2012, and its revenue and expenses - cash basis for the year then ended on the basis of accounting described in Note 2.

Oakbrook Terrace, Illinois
October 23, 2012

Wolf & Company LLP

DELTA MU DELTA HONOR SOCIETY
STATEMENTS OF ASSETS AND NET ASSETS - CASH BASIS

	<u>ASSETS</u>		For the Year Ended		
	Unrestricted	Temporarily Restricted General Fund	Permanently Restricted Scholarship Fund	June 30,	
				2012	2011
Cash	\$ 298,340	\$ 57,735	\$ 356,075	\$ 130,307	
Investments	151,554	552,607	704,161	691,626	
Security deposit	2,124	-	2,124	2,124	
Total assets	\$ 452,018	\$ 610,342	\$1,062,360	\$ 824,057	
<u>NET ASSETS</u>					
Unrestricted:					
Undesignated	\$ 207,212	\$ -	\$ 207,212	\$ 132,431	
Board designated	244,806	283,125	527,931	426,458	
Temporarily restricted	-	5,000	5,000	6,000	
Permanently restricted	-	322,217	322,217	259,168	
Total net assets	\$ 452,018	\$ 610,342	\$1,062,360	\$ 824,057	

The accompanying notes are an integral part of these financial statements, and the accompanying independent auditor's report should be read in conjunction herewith.

DELTA MU DELTA HONOR SOCIETY
STATEMENTS OF REVENUES AND EXPENSES - CASH BASIS

	Unrestricted	Temporarily Restricted	Permanently Restricted	For the Year Ended June 30,	
				2012	2011
Revenue:					
Membership dues	\$ 433,721	\$ -	\$ -	\$ 433,721	\$ 332,506
Fees	2,541	-	-	2,541	400
Contributions	-	-	63,049	63,049	21,414
Investment income	12,562	-	-	12,562	14,981
Chapter services	173,419	-	-	173,419	79,972
Life insurance proceeds	100,000	-	-	100,000	-
Royalties, merchandise sales and other	41,543	-	-	41,543	58,805
Net assets released from restriction	1,000	(1,000)	-	-	-
Total revenue	764,786	(1,000)	63,049	826,835	508,078
Expenses:					
Chapter	86,204	-	-	86,204	86,242
Scholarships	45,500	-	-	45,500	30,900
General operating	357,457	-	-	357,457	279,361
Travel and meeting	70,752	-	-	70,752	43,611
Printing and publishing	28,619	-	-	28,619	31,447
Total expenses	588,532	-	-	588,532	471,561
Increase (decrease) in net assets	176,254	(1,000)	63,049	238,303	36,517
Net assets, beginning of year	558,889	6,000	259,168	824,057	787,540
Net assets, end of year	\$ 735,143	\$ 5,000	\$ 322,217	\$ 1,062,360	\$ 824,057

The accompanying notes are an integral part of these financial statements, and the accompanying independent auditor's report should be read in conjunction herewith.

DELTA MU DELTA HONOR SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

1. General

Delta Mu Delta Honor Society (the Organization) is a not-for-profit organization whose purposes are to promote higher scholarship in education for business and to recognize and reward scholastic attainment in business subjects. After 1992, all new chapters entering the Organization must have their business program accredited by the Accreditation Council for Business Schools and Programs. The Organization's primary sources of revenue are member dues and fees. Delta Mu Delta Honor Society also receives support from contributions and from the sale of various related organizational merchandise.

2. Summary of Significant Accounting Principles

Basis of Accounting - The financial statements of the Organization have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because of the effects of carrying purchased investments at cost rather than at fair value, recognizing revenue upon receipt rather than when earned, and recognizing expenses when paid rather than when incurred.

Basis of Presentation - The Organization reports information regarding its net assets and changes in net assets according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Comparative Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

Restricted and Unrestricted Revenue - Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Income Tax Status - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for the years before the tax year ending June 30, 2009.

Investments - Purchased investments are recorded at cost. Investments received as contributions are recorded at fair market value at the date of the contribution. The carrying amount of investments is reduced to fair market value if there appears to be a permanent impairment of value.

Financial instruments that potentially subject the Organization to credit and market risk consist principally of temporary cash investments and interest-bearing investments. The Organization places its temporary cash investments and interest-bearing investments with major financial institutions and, by policy, attempts to limit the amount of credit exposure at any one financial institution.

DELTA MU DELTA HONOR SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Principles (Cont.)

Investments (cont.) - consisted of the following as of June 30, 2012 and 2011:

The Organization also has a significant amount invested in marketable securities that are, therefore, subject to market risk. Market risk is the possibility that future changes in market price may make a financial instrument less valuable. The Organization's investment policies are to hold all term investments to maturity, which may not exceed five years, and to maintain a minimum of 75% of investments in U.S. Government obligations or U.S. Government guaranteed certificates of deposit.

3. Restricted Net Assets

Permanently restricted net assets are to be held indefinitely. The income from the assets can only be used for scholarships. Temporarily restricted net assets are to be used for expiring scholarships.

4. Commitments

The Organization leases its office space and certain equipment. Rent expense was \$26,943 and \$24,921 for 2012 and 2011, respectively. Future minimum lease payments as of June 30, 2012 are summarized as follows:

Year	Amount
2013	\$ 28,914
2014	27,812
	\$ 56,726

5. Marketing Agreements

The Organization entered into an agreement with a magazine publisher whereby the Organization's members receive a one year discounted subscription to a business magazine for \$5.00 per year. The subscription fees are paid by the Organization from membership dues collected. In exchange for the subscriptions, the publisher will reimburse certain marketing expenses of the Organization equal to the subscription fees the publisher collects from the Organization. Subscriptions paid and included in general operating expenses were \$45,125 and \$32,370 in 2012 and 2011, respectively. Marketing expenses reimbursed and included in royalties, merchandise sales, other revenue were \$42,000 and \$36,000 in 2012 and 2011, respectively. The Organization expects to receive full reimbursement for subscriptions paid as additional reimbursable marketing expenses are incurred.

DELTA MU DELTA HONOR SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

5. Investments

Investments at cost consisted of the following at June 30, 2012 and 2011:

	2012	2011
General fund:		
Cash and money market funds	\$ 93,713	\$ 83,653
U.S. Treasury obligations	-	9,983
Certificates of deposit	57,841	57,222
Total general fund	151,554	150,858
Scholarship fund:		
Cash and money market funds	76,986	70,753
U.S. Treasury obligations	74,963	147,801
Corporate bonds	122,078	93,061
Certificates of deposit	268,576	219,149
Municipal bonds	10,004	10,004
Total scholarship fund	552,607	540,768
	\$ 704,161	\$ 691,626

Investment income consisted of the following for the years ended June 30, 2012 and 2011:

	2012	2011
General fund:		
Interest and dividends	\$ 723	\$ 1,871
Scholarship fund:		
Interest and dividends	11,839	13,110
	\$ 12,562	\$ 14,981

6. Marketing Agreements

The Organization entered into an agreement with a magazine publisher whereby the Organization's members receive a one year discounted subscription to a business magazine for \$5.00 per year. The subscription fees are paid by the Organization from membership dues collected. In exchange for the subscriptions, the publisher will reimburse certain marketing expenses of the Organization equal to the subscription fees the publisher collects from the Organization. Subscriptions paid and included in general operating expenses were \$45,125 and \$32,370 in 2012 and 2011, respectively. Marketing expenses reimbursed and included in royalties, merchandise sales, other revenue were \$42,000 and \$36,000 in 2012 and 2011, respectively. The Organization expects to receive full reimbursement for subscriptions paid as additional reimbursable marketing expenses are incurred.

DELTA MU DELTA HONOR SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

7. Subsequent Events

The Organization has evaluated subsequent events through October 23, 2012, the date which the financial statements were available to be issued.