

**Delta Mu Delta
Honor Society**

**Financial Statements
and
Independent Auditor's Report
For the Year Ended
June 30, 2011**

Wolf & Company LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Delta Mu Delta Honor Society
Brookfield, Illinois

We have audited the accompanying statements of assets and net assets - cash basis of DELTA MU DELTA HONOR SOCIETY as of June 30, 2011 and 2010, and the related statements of revenues and expenses - cash basis. These financial statements are the responsibility of the Society's management. 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 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 audits provide 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, 2011 and 2010, and its revenue and expenses - cash basis for the years then ended on the basis of accounting described in Note 2.

Oakbrook Terrace, Illinois
September 6, 2011

Wolf & Company LLP

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

ASSETS

	<u>General Fund</u>	<u>Scholarship Fund</u>	<u>June 30,</u>	
			<u>2011</u>	<u>2010</u>
Cash	\$ 130,307	\$ -	\$ 130,307	\$ 122,391
Investments	150,858	540,768	691,626	663,025
Security deposit	<u>2,124</u>	<u>-</u>	<u>2,124</u>	<u>2,124</u>
 Total assets	 <u>\$ 283,289</u>	 <u>\$ 540,768</u>	 <u>\$ 824,057</u>	 <u>\$ 787,540</u>

NET ASSETS

Unrestricted				
Undesignated	\$ 132,431	\$ -	\$ 132,431	\$ 124,490
Board designated	150,858	275,600	426,458	419,296
Temporarily restricted		6,000	6,000	-
Permanently restricted	<u>-</u>	<u>259,168</u>	<u>259,168</u>	<u>243,754</u>
 Total net assets	 <u>\$ 283,289</u>	 <u>\$ 540,768</u>	 <u>\$ 824,057</u>	 <u>\$ 787,540</u>

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,	
				2011	2010
Revenue:					
Membership dues	\$ 332,506	\$ -	\$ -	\$ 332,506	\$ 316,538
Fees	400	-	-	400	365
Contributions	-	6,000	15,414	21,414	25,311
Investment income	14,981	-	-	14,981	18,420
Chapter services	45,551	-	-	45,551	34,467
Other	93,226	-	-	93,226	73,435
Total revenue	<u>486,664</u>	<u>6,000</u>	<u>15,414</u>	<u>508,078</u>	<u>468,536</u>
Expenses:					
Chapter	86,242	-	-	86,242	93,259
Scholarships	30,900	-	-	30,900	29,700
General operating	279,361	-	-	279,361	273,548
Travel and meeting	43,611	-	-	43,611	63,891
Printing and publishing	31,447	-	-	31,447	36,703
Total expenses	<u>471,561</u>	<u>-</u>	<u>-</u>	<u>471,561</u>	<u>497,101</u>
Increase (decrease) in net assets	15,103	6,000	15,414	36,517	(28,565)
Net assets, beginning of year	<u>543,786</u>	<u>-</u>	<u>243,754</u>	<u>787,540</u>	<u>816,105</u>
Net assets, end of year	<u>\$ 558,889</u>	<u>\$ 6,000</u>	<u>\$ 259,168</u>	<u>\$ 824,057</u>	<u>\$ 787,540</u>

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 generally accepted accounting principles. Under that basis, the only asset recognized is cash and no liabilities are recognized. 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 investments at cost 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. The Organization has no temporarily restricted net assets.

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 2007 tax year.

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.

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 policy is to hold all term investments to maturity, which may not exceed five years. A minimum of 75% of investments must be in U.S. Government obligations or U.S. Government guaranteed certificates of deposit.

DELTA MU DELTA HONOR SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

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 \$24,921 and \$20,182 for 2011 and 2010, respectively. Future minimum lease payments as of June 30, 2011, are summarized as follows:

Year	Amount
2012	\$ 28,128
2013	28,914
2014	27,812
	\$ 84,854

5. Investments

Investments at cost consisted of the following at June 30, 2011 and 2010:

	2011	2010
General fund:		
Cash and money market funds	\$ 83,653	\$ 49,740
U.S. Treasury obligations	9,983	29,980
Corporate bonds	-	10,010
Certificates of deposit	57,222	56,530
Total general fund	150,858	146,260
Scholarship fund:		
Cash and money market funds	70,753	48,069
U.S. Treasury obligations	147,801	152,736
Corporate bonds	93,061	103,070
Certificates of deposit	219,149	192,951
Municipal bonds	10,004	19,939
Total scholarship fund	540,768	516,765
	\$ 691,626	\$ 663,025

DELTA MU DELTA HONOR SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

5. Investments (Cont.)

Investment income consisted of the following for the years ended June 30, 2011 and 2010:

	2011	2010
General fund:		
Interest and dividends	\$ 1,871	\$ 3,579
Scholarship fund:		
Interest and dividends	13,110	14,841
	\$ 14,981	\$ 18,420

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 \$32,370 and \$32,325 in 2011 and 2010, respectively. Marketing expenses reimbursed and included in Other Revenue were \$36,000 and \$32,000 in 2011 and 2010, respectively. The Organization expects to receive full reimbursement for subscriptions paid as additional reimbursable marketing expenses are incurred.

The Organization entered into an agreement with a financial services company whereby the Organization receives royalties based upon the volume of activity the Organization's members transact with the financial services company. Royalties received and included in Other Revenue were \$15,000 in both 2011 and 2010.

7. Subsequent Events

The Organization has evaluated subsequent events through September 6, 2011, the date which the financial statements were available to be issued.