

DELTA MU DELTA HONOR SOCIETY

Financial Statements – Modified Cash Basis

June 30, 2023 and 2022

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DELTA MU DELTA HONOR SOCIETY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Delta Mu Delta Honor Society

Opinion

We have audited the accompanying financial statements of Delta Mu Delta Honor Society (a Pennsylvania not-for-profit corporation) (the "Organization"), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of June 30, 2023 and 2022, and the related statements of support, revenue and expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Delta Mu Delta Honor Society as of June 30, 2023 and 2022 and its support, revenue and expenses for the years then ended in accordance with the modified basis of accounting described in Note B.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Data

We have previously audited the Delta Mu Delta Honor Society 2022 financial statements which were prepared on a modified cash basis of accounting, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent in all material respects, with the audited financial statement from which it has been derived.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The Organization has also made the decision not to present Statements of Functional Expenses. Our opinion is not modified with respect to these matters. ▲

Barnes, Givens & Barnes, Ltd.

Mount Prospect, Illinois
September XX, 2023

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DELTA MU DELTA HONOR SOCIETY
 Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
 June 30, 2023
 (With Comparative Totals for 2022)

	General Fund	Scholarship Fund	June 30,	
			2023	2022
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 250,302	\$ -	\$ 250,302	\$ 202,292
Investments	1,058,949	1,017,066	2,076,015	1,965,571
Security deposit	2,250	-	2,250	2,250
Financing lease right of use asset - current	3,568	-	3,568	-
Operating lease right of use asset - current	21,335	-	21,335	-
Total Current Assets	1,336,404	1,017,066	2,353,470	2,170,113
Non-Current Assets				
Financing lease right of use asset - non-current	3,455	-	3,455	-
Operating lease right of use asset - non-current	95,389	-	95,389	-
Total Non-Current Assets	98,844	-	98,844	-
Total Assets	\$ 1,435,248	\$ 1,017,066	\$ 2,452,314	\$ 2,170,113

See Accompanying Notes to Financial Statements

DELTA MU DELTA HONOR SOCIETY
 Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
 June 30, 2023
 (With Comparative Totals for 2022)

	General Fund	Scholarship Fund	June 30,	
			2023	2022
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities				
Other liabilities	\$ 5,370	\$ -	\$ 5,370	\$ 4,602
Financing lease liability - current	3,733	-	3,733	-
Operating lease liability - current	19,823	-	19,823	-
Total Current Liabilities	<u>28,926</u>	<u>-</u>	<u>28,926</u>	<u>4,602</u>
Non-Current Liabilities				
Financing lease liability - non-current	3,607	-	3,607	-
Operating lease liability - non-current	96,901	-	96,901	-
Total Non-Current Liabilities	<u>100,508</u>	<u>-</u>	<u>100,508</u>	<u>-</u>
Total Liabilities	<u>129,434</u>	<u>-</u>	<u>129,434</u>	<u>4,602</u>
Net Assets				
Net assets without donor restrictions-				
Undesignated	1,243,256	-	1,243,256	1,105,326
Board designated	56,847	561,438	618,285	597,924
Net assets with donor restrictions	5,711	455,628	461,339	462,261
Total Net Assets	<u>1,305,814</u>	<u>1,017,066</u>	<u>2,322,880</u>	<u>2,165,511</u>
Total Liabilities and Net Assets	<u>\$ 1,435,248</u>	<u>\$ 1,017,066</u>	<u>\$ 2,452,314</u>	<u>\$ 2,170,113</u>

See Accompanying Notes to Financial Statements

DELTA MU DELTA HONOR SOCIETY
 Statements of Support, Revenue and Expenses - Modified Cash Basis
 For the Year Ended June 30, 2023
 (With Comparative Totals for 2022)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	June 30,	
			2023	2022
Revenue				
Membership dues	\$ 396,036	\$ -	\$ 396,036	\$ 399,450
Fees	500	-	500	3,500
Contributions	-	3,803	3,803	8,449
Investment income (loss)	128,071	-	128,071	(145,797)
Chapter services	62,864	-	62,864	88,907
Royalties and other	27,242	-	27,242	34,702
Net assets released from restriction	4,725	(4,725)	-	-
Total Revenue	619,438	(922)	618,516	389,211
Expenses				
Chapter	24,035	-	24,035	11,454
Scholarships	93,711	-	93,711	73,863
General operating	299,501	-	299,501	298,724
Travel and meeting	36,514	-	36,514	25,802
Printing and publishing	7,046	-	7,046	8,566
Total Expenses	460,807	-	460,807	418,409
Increase (Decrease) in Net Assets	158,631	(922)	157,709	(29,198)
Net Assets, Beginning of Year	1,702,910	462,261	2,165,171	2,194,709
Net Assets, End of Year	\$ 1,861,541	\$ 461,339	\$ 2,322,880	\$ 2,165,511

See Accompanying Notes to Financial Statements

DELTA MU DELTA HONOR SOCIETY

Notes to the Financial Statements

June 30, 2023 and 2022

Note A – Organization and Nature of Activities

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 source of revenue is from member dues and chapter services. Delta Mu Delta Honor Society also receives support from contributions and from the sale of various related organizational merchandise.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Modifications to the cash basis of accounting include recording investments at fair value and accounts payable.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and activities and the related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are considered to be highly liquid depository accounts with a maturity of less than one year. Deposits held in all non-interest bearing transactional bank accounts and interest-bearing accounts are aggregated by entity and are fully insured up to \$250,000.

Fair Value of Financial Instruments

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the assets or owes the liability). A fair value measurement assumes that the transaction to sell an asset or to transfer a liability occurs either in the principal market (or in its absence, the most advantageous market) for the asset or liability.

DELTA MU DELTA HONOR SOCIETY

Notes to the Financial Statements

June 30, 2023 and 2022

Note B – Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

For some assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, observable market transactions and market information may not be available. When a price for an identical asset or liability is not observable, the Organization measures fair value using other valuation techniques which maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, the Organization's intent to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

Revenue Recognition

The Organization has adopted Accounting Standards Update (ASU) No. 2014-19 – *Revenue from Contracts with Customers* (Topic 606), as amended. The standard contains principles that an organization applies to determine the measurement of revenue and the timing of when it is recognized. The adoption of this accounting pronouncement did not result in significant changes in the timing of the Organization's revenue recognition.

Membership Dues – A majority of the Organization's revenue is derived by assessing membership dues. Dues are collected once the membership application has been approved. Income from membership dues is recognized in the year of acceptance even though the membership period is a lifetime membership.

Contributions – The Organization also derives operating revenue from contributions. The Organization recognizes contributions of cash and securities when received.

Chapter Services – The Organization also derives operating revenue from chapter services, consisting mostly of merchandise sales. Merchandise sales income is recognized once the product is delivered.

Royalty – The Organization also derives operating revenue from royalties earned from various royalty agreements. The royalty income is recognized in the period which it is earned as stated in the agreement.

DELTA MU DELTA HONOR SOCIETY

Notes to the Financial Statements

June 30, 2023 and 2022

Note B – Summary of Significant Accounting Policies (continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended June 30, 2022, from which the summarized information was derived.

Adoption of New Accounting Policy

Due to amendments to U.S. generally accepted accounting principles (US GAAP), commencing July 1, 2022, all of the Organization's real estate and equipment leases that have lease terms exceeding 12 months will now be required to be recorded on the Statement of Assets, Liabilities and Net Assets - Modified Cash Basis as right-of-use assets accompanied by liabilities for the present value of the lease payments that the Organization is obligated to make in order to obtain control of the leased assets for the duration of each lease term.

DELTA MU DELTA HONOR SOCIETY

Notes to the Financial Statements

June 30, 2023 and 2022

Note B – Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Policy (continued)

Lease-related expense, under these amendments, will be recognized in different patterns depending on whether the underlying lease is classified as an operating lease or a finance lease. Total lease expense for operating leases will be recognized as a single expense using the straight-line method over the term of the lease, which includes options to renew the lease that the Organization is reasonably certain to exercise. Finance lease expense will consist of two components, interest expense on the lease obligation payable and straight-line amortization of the right-of-use asset.

Implementation of these amendments is reflected retrospectively as of July 1, 2022, the effective date of the amendments. As a result of implementation, the Organization recorded additional lease assets of \$10,395, liabilities of \$10,735 and a change in beginning net assets of (\$340) as of July 1, 2022. To ease the burden of implementation, the Organization elected an available package of practical expedients permitted under the transition guidance included in the amended US GAAP that permits the Organization to carry forward the historical lease identification, classification and initial direct costs associated with its pre-existing leases. The implementation of these amendments did not materially impact net income or cash flows (see following caption "Leases" for further details). Apart from these amendments, there have been no other changes in significant accounting policies during the year ended June 30, 2023, as compared to the significant accounting policies described in the Organization's financial statements for the year ended June 30, 2022.

Leases

The Organization determines if an arrangement is a lease or contains a lease at the inception of the contract. Operating leases are presented under the captions operating lease right-of-use (ROU) assets, current portion of operating lease liabilities, and long-term portion of operating lease liabilities in the accompanying Statement of Assets, Liabilities and Net Assets - Modified Cash Basis as of June 30, 2023. Finance leases are presented under the captions finance lease right-of-use (ROU) assets, current portion of finance lease liabilities, and long-term portion of finance lease liabilities in the accompanying Statement of Assets, Liabilities and Net Assets - Modified Cash Basis as of June 30, 2023.

Both operating lease and finance lease ROU assets and lease liabilities are initially measured at the present value of future lease payments over the lease term as determined at each lease's commencement date. In measuring assets and liabilities for certain classes of underlying assets, the Organization has elected a practical expedient to account for lease and nonlease components together as a single lease component. The Organization has used their incremental borrowing rate of 5.5% as the interest rate to discount lease payments.

DELTA MU DELTA HONOR SOCIETY

Notes to the Financial Statements

June 30, 2023 and 2022

Note B – Summary of Significant Accounting Policies (continued)

Leases (continued)

Operating lease expense is recognized on a straight-line basis over the term of each lease. Finance lease expense is recognized in two separate components, interest expense on the lease liability and amortization of the right-of-use (ROU) asset. In the accompanying Statement of Assets, Liabilities and Net Assets – Modified Cash Basis for the year ended June 30, 2023, the interest expense on the lease liabilities has been combined with other interest expense and displayed as a single number under the caption, other income (expenses), and the amortization of the ROU assets has been combined with other depreciation and amortization and displayed as components of cost of revenues and general and administrative expenses, respectively.

Operating lease ROU assets include all fixed contractual lease payments and initial direct costs incurred, less any lease incentives received from the lessor. Facility leases generally obligate the Organization for lease expense, but nonlease reimbursements to the lessor of the proportionate share of common area maintenance (CAM), and non-component reimbursements to the lessor of certain of the lessor's costs such as real estate taxes and lessor insurance premiums applicable to the leased property are not included because the CAM is a variable rate that depends on current market price and are expensed as incurred. As permitted by US GAAP, we have elected not to apply these new lease accounting policies to leases with a term of less than one year at the lease's commencement date. Expenses associated with these short-term leases are recognized on a straight-line basis over the term of the lease.

The lease for commercial real estate contains options granting the Organization the right to renew or extend the term of the lease for specified option periods. The decision as to whether the Organization will exercise lease renewal options is generally at the Organization's sole discretion. The Organization includes lease extensions in the lease term when it is reasonably certain that the Organization will exercise the extension. The Organization's lease agreements do not contain any material variable lease payments, residual value guarantees, options to purchase leased assets, or restrictive covenants.

Note C - Income Taxes

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. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

DELTA MU DELTA HONOR SOCIETY

Notes to the Financial Statements

June 30, 2023 and 2022

Note C - Income Taxes (continued)

The Organization files Form 990, Return of Organization Exempt from Income Tax with the Federal government. Management has determined that the Organization has no income tax liability as of June 30, 2023. The Organization has evaluated its tax positions and determined it has no uncertain tax positions at June 30, 2023. The Organization's 2020-2022 tax years are open for examination by the IRS. Should the Organization's tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS.

Note D – Fair Value of Investments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell an asset or paid to transfer a liability regardless of whether an observable liquid marked price exist (exit price). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC Topic 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices which are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially for full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Each asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input which is significant to the fair value measurement. Valuation techniques utilized should maximize the use of observable inputs and minimize the use of unobservable inputs.

DELTA MU DELTA HONOR SOCIETY

Notes to the Financial Statements

June 30, 2023 and 2022

Note D – Fair Value of Investments (continued)

Following is a description of the valuation methodologies for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

Mutual Funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds which are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Corporate Bonds – Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issues with similar credit ratings.

The methods described above could produce fair value calculations which may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization's management believes that the valuation methods used are appropriate and consistent with those utilized by other market participants, the implementation of different methodologies or assumptions to determine the fair value of the Organization's investment portfolio might result in different fair value measurements at report date.

The Organization invests in various types of investment securities. Investment securities are exposed to various risks such as interest rate, 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 value of the portfolio will occur in the near term (1 year) and such changes could materially affect the Organization's investments and the amounts reported in the accompanying statement of financial position.

The following table set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023 and 2022.

As of June 30, 2023, the Organization's investments were classified as follows based on fair value:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
General Fund				
Money market	\$ 315,071	\$ -	\$ -	\$ 315,071
Mutual funds	-	447,568	-	447,568
Exchange-traded product	-	296,310	-	296,310
Total general fund	\$ 315,071	\$ 743,878	\$ -	\$ 1,058,949

DELTA MU DELTA HONOR SOCIETY

Notes to the Financial Statements

June 30, 2023 and 2022

Note D – Fair Value of Investments (continued)

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Scholarship Fund				
Money market	\$ 154,017	\$ -	\$ -	\$ 154,017
Mutual funds	-	637,495	-	637,495
Exchange-traded product	-	188,232	-	188,232
Corporate bonds	-	37,322	-	37,322
Total scholarship fund	<u>\$ 154,017</u>	<u>\$ 863,049</u>	<u>\$ -</u>	<u>\$1,017,066</u>
Total	<u>\$ 469,088</u>	<u>\$1,606,927</u>	<u>\$ -</u>	<u>\$ 2,076,015</u>

As of June 30, 2022, the Organization's investments were classified as follows based on fair value:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
General Fund				
Money market	\$ 287,961	\$ -	\$ -	\$ 287,961
Mutual funds	-	418,280	-	418,280
Exchange-traded product	-	263,429	-	263,429
Total general fund	<u>\$ 287,961</u>	<u>\$ 681,709</u>	<u>\$ -</u>	<u>\$ 969,670</u>
Scholarship Fund				
Money market	\$ 180,437	\$ -	\$ -	\$ 180,437
Mutual funds	-	602,510	-	602,510
Exchange-traded product	-	164,784	-	164,784
Corporate bonds	-	48,170	-	48,170
Total scholarship fund	<u>\$ 180,437</u>	<u>\$ 815,464</u>	<u>\$ -</u>	<u>\$ 995,901</u>
Total	<u>\$ 468,398</u>	<u>\$1,497,173</u>	<u>\$ -</u>	<u>\$ 1,965,571</u>

DELTA MU DELTA HONOR SOCIETY

Notes to the Financial Statements

June 30, 2023 and 2022

Note D – Fair Value of Investments (continued)

The Organization holds the following investments which are stated at fair market value:

	As of June 30, 2023		As of June 30, 2022	
	Market Value	Original Cost	Market Value	Original Cost
General Fund				
Money market	\$ 315,071	\$ 315,071	\$ 287,961	\$ 287,961
Mutual funds	447,568	437,430	418,280	425,444
Exchange-traded product	296,310	191,407	263,429	191,407
Total general fund	\$ 1,058,949	\$ 943,908	\$ 969,670	\$ 904,812
Scholarship Fund				
Money market	\$ 154,017	\$ 154,017	\$ 180,437	\$ 180,437
Mutual funds	637,495	600,256	602,510	583,566
Exchange-traded product	188,232	102,998	164,784	102,998
Corporate bonds	37,322	40,000	48,170	50,004
Total scholarship fund	\$1,017,066	\$ 897,271	\$ 995,901	\$ 917,005
Total	\$ 2,076,015	\$ 1,841,179	\$ 1,965,571	\$ 1,821,817

At June 30, 2023 and 2022, the following schedule summarizes the investment activity for all investments for the year:

<u>Investment Income (Loss)</u>	2023	2022
Interest and dividends	\$ 52,459	\$ 50,161
Net unrealized and realized gain (loss)	90,061	(181,261)
Advisory fees	(14,449)	(14,697)
Total Investment Income	\$ 128,071	\$(145,797)

DELTA MU DELTA HONOR SOCIETY

Notes to the Financial Statements

June 30, 2023 and 2022

Note E - Leases

The Organization are parties, as lessee, to various operating leases and finance leases for corporate facilities and equipment. The components of lease expense for the year ended June 30, 2023, consist of the following:

Cost element	Amount
Operating lease cost	
Amortization of right-of-use assets	\$ -
Interest on lease liabilities	-
Total operating lease cost	\$ -
Finance lease cost	
Amortization of right-of-use assets	\$ 3,372
Interest on lease liabilities	506
Total finance lease cost	\$ 3,878

Future minimum lease payments for the next five years and in the aggregate under all noncancelable leases with a term of one year or greater as of June 30, 2023, are as follows:

Year Ending June 30,	Operating Leases	Finance Leases
2024	\$ 25,200	\$ 4,044
2025	25,920	3,707
2026	27,000	-
2027	27,360	-
2028	28,080	-
Thereafter	-	-
Total future minimum lease payments	133,560	7,751
Less: imputed interest included therein	(16,836)	(411)
Net	\$ 116,724	\$ 7,340

The following table provides additional information related to our leases as of June 30, 2023:

	Operating Leases	Finance Leases
Current portion of lease liabilities	\$ 19,823	\$ 3,733
Long-term portion of lease liabilities	96,901	3,607
Total lease liabilities	\$ 116,724	\$ 7,340

Weighted average remaining lease term	5 years	2 years
Weighted average discount rate	5.50%	5.50%

DELTA MU DELTA HONOR SOCIETY

Notes to the Financial Statements

June 30, 2023 and 2022

Note F – Marketing Agreements

Effective August 1, 2021, the Organization renewed its agreement with GEICO, an insurance company, whereby the Organization's members are offered coverage at discounted rates. The new agreement is for a three-year term and GEICO agrees to pay the Organization a fee of \$20,000 each contract year in sponsorship of the Organization.

Geico terminated its marketing arrangement with the Organization effective March 31, 2023. Due to Geico's operating performance, Geico has terminated all such agreements globally.

Note G – Service Agreements

On July 1, 2023, the Organization renewed its agreement with Award Concepts, Inc. to provide the Organization's jewelry, branded items, regalia and membership fulfillment requirements. The Organization will be paid a royalty for all products processed by Award Concepts. This agreement is in effect until June 30, 2026, and shall automatically renew for a 12 month period unless either party gives written notice to terminate the agreement.

Note H—Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts with donor-imposed purpose and time restrictions.

	<u>2023</u>	<u>2022</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 250,302	\$ 202,292
Investments	2,076,015	1,965,571
Less contractual or donor-imposed restrictions:		
Donor restrictions for specific purposes	(5,711)	(7,437)
Donor restricted endowment	(455,628)	(454,824)
Board designated for specific purposes	(618,285)	(597,924)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,246,693</u>	<u>\$ 1,107,678</u>

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Notes to the Financial Statements

June 30, 2023 and 2022

Note I – Donated Services

No amounts have been reflected in the financial statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program and support service.

Note J – Subsequent Events

The Organization has determined that no material events or transactions occurred subsequent to June 30, 2023 and through the date of the independent auditor's report, the date the financial statements were available for issuance, that would require adjustments to and/or additional disclosure to the financial statements

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