



**Delta Mu Delta
Honor Society**

**Financial Statements
and
Independent Auditor's Report
For the Year Ended
June 30, 2006**

Wolf & Company LLP
Certified Public Accountants

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Assets and Net Assets - Cash Basis	2
Statements of Revenues and Expenses - Cash Basis	3
Notes to the Financial Statements	4-6



INDEPENDENT AUDITOR'S REPORT

National Executive Council
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, 2006, and the related statement 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 audit. The prior year summarized comparative information has been derived from the Organization's 2005 financial statements and, in our report dated August 4, 2005, 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, 2006, and its revenue and expenses - cash basis for the year then ended on the basis of accounting described in Note 2.

Oak Brook, Illinois
September 15, 2006

Wolf & Company LLP

DELTA MU DELTA HONOR SOCIETY
STATEMENTS OF ASSETS AND NET ASSETS - CASH BASIS
 June 30, 2006 and 2005

ASSETS

	General	Scholarship	Total	
	Fund	Fund	2006	2005
Cash	\$ 125,112	\$ -	\$ 125,112	\$ 138,565
Investments	121,054	433,736	554,790	535,091
Security deposit	<u>2,124</u>	<u>-</u>	<u>2,124</u>	<u>-</u>
 Total assets	 <u>\$ 248,290</u>	 <u>\$ 433,736</u>	 <u>\$ 682,026</u>	 <u>\$ 673,656</u>

NET ASSETS

Unrestricted	\$ 248,290	\$ 280,177	\$ 528,467	\$ 530,305
Permanently restricted	<u>-</u>	<u>153,559</u>	<u>153,559</u>	<u>143,351</u>
 Total net assets	 <u>\$ 248,290</u>	 <u>\$ 433,736</u>	 <u>\$ 682,026</u>	 <u>\$ 673,656</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
For the Years Ended June 30, 2006 and 2005

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
			<u>2006</u>	<u>2005</u>
Revenue:				
Membership dues	\$ 251,580	\$ -	\$ 251,580	\$ 255,502
Fees	600	-	600	5,672
Contributions	2,000	10,208	12,208	17,454
Investment income	21,273	-	21,273	13,060
Chapter services	26,181	-	26,181	27,961
Other	28,497	-	28,497	31,331
	<u>330,131</u>	<u>10,208</u>	<u>340,339</u>	<u>350,980</u>
Total revenue				
Expenses:				
Chapter	23,049	-	23,049	32,976
Scholarships	28,000	-	28,000	24,000
General operating	189,351	-	189,351	177,995
Travel and meeting	26,758	-	26,758	59,892
Printing and publishing	64,811	-	64,811	52,370
	<u>331,969</u>	<u>-</u>	<u>331,969</u>	<u>347,233</u>
Total expenses				
Increase (decrease) in net assets	(1,838)	10,208	8,370	3,747
Net assets, beginning of year	<u>530,305</u>	<u>143,351</u>	<u>673,656</u>	<u>669,909</u>
Net assets, end of year	<u>\$ 528,467</u>	<u>\$ 153,559</u>	<u>\$ 682,026</u>	<u>\$ 673,656</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 be accredited by the Association of Collegiate Business Schools and Programs ("ACBSP"). 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 follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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.

Comparative Financial 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 the cash basis of accounting. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2005, 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.

DELTA MU DELTA HONOR SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Principles (Cont.)

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 notes or U.S. Government guaranteed certificates of deposits.

3. Permanently Restricted Net Assets

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

4. Commitments

The Organization leases its office space and certain equipment. Rent expense was \$22,990 and \$16,628 for 2006 and 2005, respectively. Future minimum lease payments as of June 30, 2006 are summarized as follows:

<u>Year</u>	<u>Amount</u>
2007	\$ 18,648
2008	19,498
2009	<u>18,734</u>
	<u>\$ 56,880</u>

DELTA MU DELTA HONOR SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

5. Investments

Investments at cost consisted of the following at June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
General fund:		
Money market funds	\$ 4,008	\$ 21,715
U.S. Treasury notes	59,928	39,968
Corporate bonds	30,020	25,016
Certificates of deposit	<u>27,098</u>	<u>35,924</u>
Total general fund	<u>121,054</u>	<u>122,623</u>
Scholarship fund:		
Money market funds	25,558	16,487
U.S. Treasury notes	219,584	239,878
Corporate bonds	75,053	70,049
Certificates of deposits	99,509	61,829
Municipal bonds	<u>14,032</u>	<u>24,225</u>
Total scholarship fund	<u>433,736</u>	<u>412,468</u>
	<u>\$ 554,790</u>	<u>\$ 535,091</u>

Investment income consisted of the following for the years ended June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
General fund:		
Interest and dividends	<u>\$ 5,877</u>	<u>\$ 3,490</u>
Scholarship fund:		
Interest and dividends	15,396	13,329
Investment loss	-	(1,242)
Realized unrealized investment loss	<u>-</u>	<u>(2,517)</u>
Total scholarship fund	<u>15,396</u>	<u>9,570</u>
	<u>\$ 21,273</u>	<u>\$ 13,060</u>