

**Delta Mu Delta  
Honor Society**

**Financial Statements  
and  
Independent Auditor's Report  
For the Year Ended  
June 30, 2007**

**Wolf & Company LLP**  
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

National Executive Council  
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, 2007 and 2006, 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 audits 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, 2007 and 2006, and its revenue and expenses - cash basis for the years then ended on the basis of accounting described in Note 2.

Oak Brook, Illinois  
August 30, 2007

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>2007</u>	<u>2006</u>
Cash	\$ 154,114	\$ -	\$ 154,114	\$ 125,112
Investments	126,717	443,830	570,547	554,790
Security deposit	<u>2,124</u>	<u>-</u>	<u>2,124</u>	<u>2,124</u>
 Total assets	 <u>\$ 282,955</u>	 <u>\$ 443,830</u>	 <u>\$ 726,785</u>	 <u>\$ 682,026</u>

NET ASSETS

Unrestricted	\$ 282,955	\$ 261,569	\$ 544,524	\$ 528,467
Permanently restricted	<u>-</u>	<u>182,261</u>	<u>182,261</u>	<u>153,559</u>
 Total net assets	 <u>\$ 282,955</u>	 <u>\$ 443,830</u>	 <u>\$ 726,785</u>	 <u>\$ 682,026</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	Permanently Restricted	For the Years Ended	
			June 30,	
			2007	2006
Revenue:				
Membership dues	\$ 260,286	\$ -	\$ 260,286	\$ 251,580
Fees	600	-	600	600
Contributions	-	28,702	28,702	12,208
Investment income	22,417	-	22,417	21,273
Chapter services	28,569	-	28,569	26,181
Other	51,788	-	51,788	28,497
	<u>363,660</u>	<u>28,702</u>	<u>392,362</u>	<u>340,339</u>
Expenses:				
Chapter	37,678	-	37,678	23,049
Scholarships	27,900	-	27,900	28,000
General operating	192,145	-	192,145	189,351
Travel and meeting	31,647	-	31,647	26,758
Printing and publishing	58,233	-	58,233	64,811
	<u>347,603</u>	<u>-</u>	<u>347,603</u>	<u>331,969</u>
	16,057	28,702	44,759	8,370
Net assets, beginning of year	<u>528,467</u>	<u>153,559</u>	<u>682,026</u>	<u>673,656</u>
Net assets, end of year	<u>\$ 544,524</u>	<u>\$ 182,261</u>	<u>\$ 726,785</u>	<u>\$ 682,026</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.

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.

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.

DELTA MU DELTA HONOR SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS

3. Permanently Restricted Net Assets

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

4. Commitments

The Organization leases its office space and certain equipment. Rent expense was \$16,061 and \$22,990 for 2007 and 2006, respectively. Future minimum lease payments as of June 30, 2007 are summarized as follows:

Year	Amount
2008	\$ 19,498
2009	18,734
	\$ 38,232

5. Investments

Investments at cost consisted of the following at June 30, 2007 and 2006:

	2007	2006
General fund:		
Money market funds	\$ 2,920	\$ 4,008
U.S. Treasury notes	59,930	59,928
Corporate bonds	30,020	30,020
Certificates of deposit	33,847	27,098
Total general fund	126,717	121,054
Scholarship fund:		
Money market funds	14,720	25,558
U.S. Treasury notes	214,437	219,584
Corporate bonds	90,084	75,053
Certificates of deposits	114,585	99,509
Municipal bonds	10,004	14,032
Total scholarship fund	443,830	433,736
	\$ 570,547	\$ 554,790

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, 2007 and 2006:

	2007	2006
General fund:		
Interest and dividends	\$ 8,132	\$ 5,877
Scholarship fund:		
Interest and dividends	19,425	15,396
Realized/unrealized investment loss	(5,140)	-
Total scholarship fund	14,285	15,396
	\$ 22,417	\$ 21,273

6. Marketing Agreement

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. The maximum reimbursement is \$30,000. Subscriptions paid in 2007 were \$18,170 and are included in General Operating Expenses. Marketing expenses reimbursed were \$7,500 and are included in Other revenue. The Organization expects to receive full reimbursement for subscriptions paid as additional reimbursable marketing expenses are incurred.