



**Delta Mu Delta
Honor Society**

**Financial Statements
and
Independent Auditor's Report
For the Year Ended
June 30, 2009**

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, 2009 and 2008, 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, 2009 and 2008, and its revenue and expenses - cash basis for the years then ended on the basis of accounting described in Note 2.

Oak Brook, Illinois
October 6, 2009

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>2009</u>	<u>2008</u>
Cash	\$ 167,833	\$ -	\$ 167,833	\$ 142,709
Investments	139,897	506,251	646,148	613,765
Security deposit	<u>2,124</u>	<u>-</u>	<u>2,124</u>	<u>2,124</u>
 Total assets	 <u>\$ 309,854</u>	 <u>\$ 506,251</u>	 <u>\$ 816,105</u>	 <u>\$ 758,598</u>

NET ASSETS

Unrestricted	\$ 309,854	\$ 287,808	\$ 597,662	\$ 560,889
Permanently restricted	<u>-</u>	<u>218,443</u>	<u>218,443</u>	<u>197,709</u>
 Total net assets	 <u>\$ 309,854</u>	 <u>\$ 506,251</u>	 <u>\$ 816,105</u>	 <u>\$ 758,598</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

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>For the Year Ended June 30,</u>	
			<u>2009</u>	<u>2008</u>
Revenue:				
Membership dues	\$ 271,894	\$ -	\$ 271,894	\$ 269,611
Fees	1,200	-	1,200	11,612
Contributions	-	20,734	20,734	15,448
Investment income	23,864	-	23,864	28,097
Chapter services	30,981	-	30,981	32,346
Other	85,099	-	85,099	73,197
Total revenue	<u>413,038</u>	<u>20,734</u>	<u>433,772</u>	<u>430,311</u>
Expenses:				
Chapter	46,118	-	46,118	33,135
Scholarships	29,000	-	29,000	29,000
General operating	217,620	-	217,620	202,447
Travel and meeting	28,661	-	28,661	78,457
Printing and publishing	54,866	-	54,866	55,459
Total expenses	<u>376,265</u>	<u>-</u>	<u>376,265</u>	<u>398,498</u>
Increase in net assets	36,773	20,734	57,507	31,813
Net assets, beginning of year	<u>560,889</u>	<u>197,709</u>	<u>758,598</u>	<u>726,785</u>
Net assets, end of year	<u>\$ 597,662</u>	<u>\$ 218,443</u>	<u>\$ 816,105</u>	<u>\$ 758,598</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 \$17,558 and \$16,496 for 2009 and 2008, respectively. Future minimum lease payments as of June 30, 2009 are summarized as follows:

Year	Amount
2010	\$ 21,583
2011	1,912
2012	1,912
2013	1,912
	\$ 27,319

5. Investments

Investments at cost consisted of the following at June 30, 2009 and 2008:

	2009	2008
General fund:		
Money market funds	\$ 21,313	\$ 1,208
U.S. Treasury notes	73,973	83,962
Corporate bonds	10,010	25,016
Certificates of deposit	34,601	22,125
Total general fund	139,897	132,311
Scholarship fund:		
Money market funds	24,727	13,422
U.S. Treasury notes	252,666	253,511
Corporate bonds	87,068	75,074
Certificates of deposits	121,851	119,508
Municipal bonds	19,939	19,939
Total scholarship fund	506,251	481,454
	\$ 646,148	\$ 613,765

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, 2009 and 2008:

	2009	2008
General fund:		
Interest and dividends	\$ 5,514	\$ 7,509
Scholarship fund:		
Interest and dividends	18,350	20,588
	\$ 23,864	\$ 28,097

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. The maximum reimbursement is \$30,000. Subscriptions paid and included in General Operating Expenses were \$26,100 and \$28,705 in 2009 and 2008, respectively. Marketing expenses reimbursed and included in Other Revenue were \$48,800 and \$34,200 in 2009 and 2008, 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 Organizations' members transact with the financial services company. Royalties received and included in Other Revenue were \$15,000 in 2009 and 2008.