

**Rai Lynn Anderson, CPA
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Xi State of the Delta Kappa
Gamma International
DBA Tennessee State Organization of the
Delta Kappa Gamma Society
McKenzie, TN 38201

I have reviewed the accompanying financial statements of Xi State of the Delta Kappa Gamma International, DBA Tennessee State Organization of the Delta Kappa Gamma Society (a not-for-profit entity) which comprise the balance sheet as of June 30, 2023, and the related statements of activities, changes in net assets, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review in accordance with Statements of Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting procedures generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of Xi State of the Delta Kappa Gamma International, DBA Tennessee State Organization of the Delta Kappa Gamma Society and to meet my other ethical requirements related to my review.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Rai Lynn Anderson, CPA

Rai Lynn Anderson, CPA
Butler, Tennessee
August 21, 2023

Xi State of the Delta Kappa Gamma International		
DBA Tennessee State Organization of the Delta Kappa Gamma Society		
Statement of Financial Position		
For the Year Ended June 30, 2023		
(See Accountant's Review Report)		
ASSETS		
Current Assets		
Cash and cash equivalents (Note 1)		\$106,082
Short-term investments (Note 1)		142,978
Marketable securities (Note 1)		238,719
Total current assets		<u>\$487,779</u>
Property & equipment		
Equipment (Note 1)		20,647
Less: Accumulated depreciation		(20,647)
Net Property and Equipment		<u>-</u>
Long-term certificates of deposit (Note 1)		60,438
Total Assets		<u>\$548,217</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses		\$ 48,110
Total liabilities		<u>48,110</u>
Net Assets		
Without donor restrictions (Note 4)		418,490
With donor restrictions (Note 5)		81,617
Total net assets		<u>500,107</u>
Total liabilities and net assets		<u>\$548,217</u>
See notes to the financial statements.		

Xi State of the Delta Kappa Gamma International		
DBA Tennessee State Organization of the Delta Kappa Gamma Society		
Statement of Activities and Change in Net Assets		
For the Year Ended June 30, 2023		
(See Accountant's Review Report)		
Changes in Unrestricted Net Assets		
Revenue:		
Dues and fees	\$ 23,787	
Interest and dividend income	181	
Silent auction	4,302	
State scholarship fees (Note 3)	3,490	
Convention fees	61,674	
Unrealized gain on marketable securities	41,684	
Other revenue	3,878	
Total unrestricted support		138,996
Expenses:		
Program expenses	111,377	
Management and general expenses	5,636	
Total expenses		117,013
Increase in unrestricted net assets		21,983
Changes in Permanently Restricted Net Assets		
Scholarship contribution (Note 4)		872
Increase in permanently restricted net assets		872
Increase in Net Assets		22,855
Net Assets Beginning of Year		477,252
Net Assets End of Year		\$ 500,107
See notes to the financial statements.		

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Xi State of the Delta Kappa Gamma International		
DBA Tennessee State Organization of the Delta Kappa Gamma Society		
Statement of Cash Flows		
For the Year Ended June 30, 2023		
(See Accountant's Review Report)		
Cash Flows from Operating Activities		
Increase in net assets		\$ 22,855
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Decrease in short-term investments		963
Unrealized gain on marketable securities		(41,685)
Increase in accrued expenses		48,110
Net cash provided by operating activities		30,243
Cash Flows from Investing Activities		
Increase in long-term certificate of deposit		(241)
Net cash provided by investing activities		(241)
Net Increase in Cash and Cash Equivalents		30,002
Cash and Cash Equivalents at Beginning of Year		76,080
Cash and Cash Equivalents at End of Year		\$ 106,082
See notes to the financial statements.		

Xi State of the Delta Kappa Gamma International			
DBA Tennessee State Organization of the Delta Kappa Gamma Society			
Statement of Functional Expenses			
For the year ended June 30, 2023			
(See Accountant's Review Report)			
	Supporting		

	Services		
		Managem ent	
	Program	and General	Total
President's Expenses			
Operating	\$ 3,500		\$ 3,500
Conferences, convention, and receptions	1,192		1,192
Other Officers' Expenses			-
Conferences, convention, and receptions	5,750		5,750
State convention and committees	61,644		61,644
Society business expenses - leadership conference	8,937		8,937
Society business expenses - filing fees		\$ 30	30
Program - Legislation	2,022		2,022
Program - Area directors	1,426		1,426
Educational services - awards	819		819
Other expenses			-
Newsletter	5,286		5,286
Scholarship	6,000		6,000
Honoraria	4,800		4,800
Office expense		2,906	2,906
Activities/research/committees	7,537		7,537
Tennessee night (net)	270		270
Professional fees		2,700	2,700
Other expenses	2,194		2,194
Total	\$111,377	\$ 5,636	\$ 117,013
The accompanying notes are an integral part of these financial statements.			

Xi State of the Delta Kappa Gamma International
DBA Tennessee Organization of the Delta Kappa Gamma Society
Notes to Financial Statements
For the Year Ended June 30, 2023

See Accountant's Review Report

Note 1: Nature of Organization and Significant Accounting Policies

Nature of Organization. Xi State of the Delta Kappa Gamma International, DBA Tennessee Organization of the Delta Kappa Gamma Society, (the Organization) is a nonprofit educational, honorary, professional organization for women educators.

Basis of Accounting. The Organization prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America for not-for-profits. The significant accounting and reporting policies used by the organization are described below to enhance the usefulness and understandability of the financial statements.

Use of Estimates. The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net assets. The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- *Net assets Without Donor Restrictions.* Net assets without donor restrictions are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- *Net assets With Donor Restrictions.* Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are classified in this class if the donor limited their use, as are its donor-restricted endowment funds and its beneficial interest in a perpetual charitable trust held by a bank trustee.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of use.

- *Classification of Transactions.* All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Cash and Cash Equivalents. Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. The organization maintains cash balances at several financial institutions. Deposit accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account.

Short Term Investments. The organization invests cash in excess of its immediate needs in certificates of deposit. Short term investments are reported at fair value.

Investments. Investments consist of certificates of deposit with varying maturity dates and marketable securities which are investments in mutual funds. Investments (certificates of deposit) are classified as long-term investments if the maturity date of the certificate of deposit is more than one year after the date of the statement of financial position. Investments are measured at fair value in the statement of financial position. The fair value for investments is the closing market price or valuation on the last business day of the fiscal year. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Contributions. Contributions received are reported as an increase in unrestricted net assets, temporarily restricted net assets or permanently restricted net assets depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished,

temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Property and Equipment. Property and equipment are recorded at cost. Depreciation is recorded over the estimated useful lives of the assets and is computed using the straight-line method. Maintenance and repair expenses are charged to expense as incurred. Estimated useful life of assets is five years. Fully depreciated assets are reported on the statement of financial position if the asset is still in service.

Support. Support received is measured at fair value and is reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Expenses. Expenses are recorded when incurred in accordance with the accrual basis of accounting. All expenses of the Organization are considered program expenses and are identified as such on the statement of activities.

Income Taxes. The Organization is a not-for-profit organization under Section 501(c)(6) whose revenue is derived from support and other fund-raising activities and is not subject to federal or state income taxes.

Note 2: Liquidity and Availability

Financial assets available for general expenditure, this is, without donor restrictions limiting their use, within one year of June 30, 2023, are:

Cash and cash equivalents	\$106,082
Short-term investments	142,978
Marketable securities	238,719
Long-term certificates of deposit	60,438
Less funds held as permanently restricted	<u>(81,617)</u>
Amount available for general expenditures within one year	<u>\$466,600</u>

As part of our liquidity management plan, we invest cash in excess of projected current operating needs in savings accounts, certificates of deposit or short-term marketable securities.

Note 3: Fair Value Measurements

The organization reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical or similar assets in markets that are not active
 - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

The organization measures fair value using level 1 inputs. The primary uses of fair value measures in the organization's financial statements are short-term investments, marketable securities, and long-term certificates of deposit.

Note 4: Significant Provisions of Net Assets Without Donor Restrictions

- Permanent Fund – The Board of Directors may, at their discretion, authorize the purchase of capital assets or other use of permanent funds. Interest earned on this fund is to be transferred to the unrestricted fund. The International Organization, recommends, but does not require, that the permanent fund be maintained at an amount at least equal to 30% of the annual state dues received.
- Scholarship Award Fund – Chapter assessments designated by the International Organization (subject to a 20% transfer restriction) and Chapter assessments for special scholarships (not subject to transfer restriction) are the source of funds. Interest earned by this fund is available for payment of scholarships. Scholarship recipients are determined by a scholarship committee appointed by the Board of Directors.

- M.K. Southall Scholarship fund – contributions to this fund are made voluntarily by the Chapters or by individuals. Interest earned remains with the fund. Scholarships are awarded by the scholarship committee and are approved by the Board of Directors.

Note 5: Significant Provisions of Net Assets With Donor Restrictions.

Net assets with donor restrictions is increased annually by transferring twenty percent (20%) of regular scholarship contributions from the chapters into the fund. Interest earned is transferred to the regular scholarship fund.

Note 6: Tax Status & Uncertain Tax Positions

The Organization is incorporated exempt from federal income taxation under Section 501(c)(6) of the Internal Revenue Code., though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the Code).

The tax years prior to June 30, 2019, are no longer subject to examination by federal, state or local taxing authorities. The Organization is not classified as a private foundation.

The Organization follows the Financial Accounting Standards Board Accounting Standards Codification, which provides guidance on accounting for uncertainty in income taxes recognized in an organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax position taken or expected to be taken in a tax return and also provides guidance on derecognition, classification, interest and penalties on unrecognized tax benefits in income tax expenses in the financial statements. No interest and penalties were recorded in the year ended June 30, 2023.

Note 7: Subsequent Events

Subsequent events have been evaluated through August 21, 2023 which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.