

ALPHA DELTA STATE
OHIO EDUCATIONAL FOUNDATION
Compiled Financial Statements

For the Fiscal Year Ended
June 30, 2020

ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION

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VANESSA L. BLEVINS, CPA & COMPANY, LLC



GOING BEYOND THE NUMBERS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Alpha Delta State Ohio Educational Foundation
Cincinnati, Ohio

Management is responsible for the accompanying financial statements of Alpha Delta State Ohio Educational Foundation (a tax exempt private foundation, the "Foundation"), which comprise the statement of assets, liabilities and net assets as of June 30, 2020, and the related statement of revenues, expenses and change in net assets, statement of functional expenses and statement of cash flows for the year then ended, and the related notes to the financial statements, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 3 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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 supplementary information contained in the statement of program expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Vanessa L. Blevins, CPA & Company, LLC
Washington Courthouse, OH
October 17, 2020

ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
AS OF JUNE 30, 2020

	<u>Donor Restricted (all funds)</u>							<u>Total</u>
	<u>Without Restrictions</u>	<u>Student Teacher Grant Fund</u>	<u>Scholarship Fund</u>	<u>Leadership Fund</u>	<u>Educational Projects Fund</u>	<u>International Studies Fund</u>	<u>Lifelong Learning Fund</u>	
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	\$ 1,899	\$ 11,225	\$ 29,644	\$ (840)	\$ 6,786	\$ 32,337	\$ 18,928	\$ 99,979
OTHER ASSETS								
Marketable Securities	-	83,618	201,828	30,931	-	168,297	40,950	525,624
	<u>\$ 1,899</u>	<u>\$ 94,843</u>	<u>\$ 231,472</u>	<u>\$ 30,091</u>	<u>\$ 6,786</u>	<u>\$ 200,634</u>	<u>\$ 59,878</u>	<u>\$ 625,603</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Borrowed from unrestricted				-				-
NET ASSETS								
Without restrictions	1,899							1,899
With donor restrictions		94,843	231,472	30,091	6,786	200,634	59,878	623,704
TOTAL NET ASSETS	<u>1,899</u>	<u>94,843</u>	<u>231,472</u>	<u>30,091</u>	<u>6,786</u>	<u>200,634</u>	<u>59,878</u>	<u>625,603</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,899</u>	<u>\$ 94,843</u>	<u>\$ 231,472</u>	<u>\$ 30,091</u>	<u>\$ 6,786</u>	<u>\$ 200,634</u>	<u>\$ 59,878</u>	<u>\$ 625,603</u>

See accompanying notes and independent accountant's compilation report.

ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
AS OF JUNE 30, 2020

	Donor Restricted (all funds)							Total
	Without Restrictions	Student Teacher Grant Fund	Scholarship Fund	Leadership Memorial Fund	Educational Projects Fund	International Studies Fund	Lifelong Learning Fund	
REVENUES								
Public support contributions	\$ 2,632	\$ 4,114	\$ 131	\$ 75	\$ 1,486	150	-	\$ 8,588
Scholarship fees	-	-	1,661	-	-	-	-	1,661
Interest/dividends	48	1,466	4,532	542	-	3,054	718	10,359
Gain/(Loss) on investments	-	(3,062)	(2,170)	(1,089)	-	(6,172)	(1,525)	(14,016)
Other income	125	-	2,666	-	-	-	-	2,791
Registrations Revenue	-	-	-	-	-	-	-	-
Release from restriction	11,507	(5,776)	(1,384)	(155)	(38)	(3,769)	(384)	0
TOTAL REVENUE AND SUPPORT	14,312	(3,259)	5,436	(625)	1,448	(6,737)	(1,193)	9,383
EXPENSES								
Program	11,507	-	-	-	-	-	-	11,507
Management and general	3,705	-	-	-	-	-	-	3,705
Fundraising	-	-	-	-	-	-	-	-
TOTAL EXPENSES	15,212	-	-	-	-	-	-	15,212
CHANGE IN TOTAL NET ASSETS	(900)	(3,259)	5,436	(625)	1,448	(6,737)	(1,193)	(5,830)
NET ASSETS- BEGINNING OF YEAR	2,799	98,101	226,036	30,723	5,338	207,371	61,071	631,439
Prior Period Adjustment				(7)				(7)
NET ASSETS- END OF YEAR	\$ 1,899	\$ 94,842	\$ 231,472	\$ 30,091	\$ 6,786	\$ 200,634	\$ 59,878	\$ 625,603

See accompanying notes and independent accountant's compilation report.

ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and scholarships	\$ 7,500	\$ -	\$ -	\$ 7,500
Business fees and taxes	-	215	-	215
Accounting fees	-	3,000	-	3,000
Contract services	1,039	-	-	1,039
Postage and mailing service	82	-	-	82
Printing and copying	201	-	-	201
Supplies	170	-	-	170
Annual meeting expense	-	-	-	-
Marketing	260	-	-	260
Paypal fees	9	-	-	9
Travel and mileage	2,197	125	-	2,322
Other expenses	50	365	-	415
Awards	-	-	-	-
TOTAL EXPENSES	<u><u>\$ 11,507</u></u>	<u><u>\$ 3,705</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,212</u></u>

See accompanying notes and independent accountant's compilation report.

**ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (5,830)
Prior Period Adjustment	(7)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Market value adjustment	(6,972)
Change in assets	-
Change in liabilities	<u>(8,114)</u>
Net cash provided by operating activities	(20,923)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	<u>(153,833)</u>
Net cash provided by investing activities	(153,833)

CASH FLOWS FROM FINANCING ACTIVITIES

Sales of investments	<u>164,611</u>
Net cash provided by financing activities	<u>164,611</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS (10,145)

CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR 110,123

CASH AND CASH EQUIVALENTS- END OF YEAR \$ 99,978

See accompanying notes and independent accountant's compilation report.

ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. Foundation and Nature of Activities

Alpha Delta State Ohio Educational foundation, Inc. (the “Foundation”) is a tax-exempt private foundation originally organized in 1981 as The A. Margaret Boyd Overseas Foundation under the laws of the State of Ohio to promote international good will and understanding through study, travel, visits in homes, and observation of schools. In June, 2017, by unanimous consent, the Board of Directors changed the name of the Foundation to Alpha Delta State Ohio Educational Foundation, Inc. In August 2017, a memorandum of understanding was executed between the Foundation and Alpha Delta State Ohio of Delta Kappa Gamma Society International (the “Society”) to transfer ownership of grant, scholarship, lifelong learning and leadership funds to the Foundation. The bylaws and articles of incorporation of the Foundation were amended, and the mission of the Foundation was expanded to include the promotion of excellence in education by awarding scholarship, grants, and fellowships for the professional and personal growth of members and non-members of Alpha Delta State Ohio of Delta Kappa Gamma Society International. Alpha Delta State Ohio is currently known as Ohio State Organization of Delta Kappa Gamma Society International.

2. Date of Management’s Review

Management reviews events and transactions occurring subsequent to the date of the financial statements for matters requiring potential recognition or disclosure in the financial statements. The Foundation has evaluated subsequent events through October 17, 2020 the date the financial statements were available to be issued and determined that no additional disclosures are required.

3. Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the Foundation’s accounting principles and practices which are consistently applied in the preparation of these financial statements.

ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when incurred. Modifications include recognition of prepaid expenses and credit card liabilities.

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: net assets without donor restrictions, net assets with donor restrictions and net assets with board restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed or board designated restrictions. All expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by donor stipulations, board designations or laws.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. The Foundation maintains its cash and cash equivalents with high credit quality financial institutions, which at times may exceed federally insured limits. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to \$250,000 per depositor at each insured financial institution. None of the Foundation's cash was in excess of federally insured limits for the year ended June 30, 2020. The Foundation has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Investments

Investments purchased by the Foundation are initially recorded at cost, and donated investments are recorded at fair value on the date they are received as a donation. Subsequent to their acquisition, investments in marketable securities with readily determinable fair values and investments in debt securities are adjusted to their fair values based on quoted market prices as of the date of the statement of assets, liabilities, and net assets. Investment gains and losses are included in the statement of activities.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) is classified as a private foundation under Section 509(a) of the Internal Revenue Code. The Foundation is subject to federal excise taxes.

The Foundation files tax returns in the U.S. federal and state jurisdictions. With few exceptions, the Foundation is no longer subject to examinations by tax authorities for years before 2015. The Foundation is not currently under audit and has not been contacted by a tax authority.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a natural basis in the statement of revenues and expenses and on a functional basis in the schedule of functional expenses. In the year ended June 30, 2020, approximately 76% of the Foundation's total expenses related to program services, 24% to supporting services, and 0% to fundraising.

ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Accounting Standards Update

On August 18, 2016, the Financial Accounting Standards (FASB) issued Accounting Standards Update No. 2016-14, Not-for-Profit Entities (topic 958): Presentation of Financial Statements for Not-for-Profit Entities (the ASU), which makes several changes to the current reporting model for not-for-profit entities. Amendments in the ASU are intended to improve financial statement presentation by not-for-profit organizations. There are qualitative and quantitative requirements in a number of areas, including net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. The standard is effective for fiscal years beginning after December 31, 2017.

4. Donor Restricted Net Assets

Donor restricted net assets result from funds raised to support specific activities of the Foundation.

Scholarship Fund

Ownership of this fund transferred from the Society to the Foundation in August 2017. The fund provides scholarships for Society members enrolled in graduate level courses at an accredited college or university. In 2019, Florence L Woodward established an additional scholarship fund for Ohio State Organization members enrolled in graduate level courses at Kent State University. The funds increase with donations received that indicate a restriction for use as scholarships. Investment income is retained in the fund.

Student Teacher Grant Fund

Ownership of this fund transferred from the Society to the Foundation in August 2017. The fund provides scholarships for college seniors who are student teaching. The fund increases with any donations received that indicate a restriction for use as student teacher grants. Investment income is retained in the fund.

International Studies Fund

This fund provides fellowships for individuals from Ohio to study in overseas countries and for individuals from overseas countries to study in Ohio. Investment income is retained in the fund.

**ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Lifelong Learning Fund

Ownership of this fund transferred from the Society to the Foundation in August 2017. This fund provides for the development of personal and professional growth for individuals. Investment income is retained in the fund.

Leadership Fund

Ownership of this fund transferred from the Society to the Foundation in August 2017. This fund provides for the development of leaders. Investment income is retained in the fund.

Educational Projects Fund.

The fund is Board designated for special projects falling outside the scope of the other funds. Investment income is retained in the fund.

5. Investments and Fair Value measurement

	Student Teacher Grant Fund	Scholarship Fund	Leadership Fund	International Studies Fund	Lifelong Learning Fund	Total
Money Market Funds	\$15,289	\$162,688	\$ 5,805	\$ 31,670	\$ 7,699	\$223,151
Mutual Funds:						
U.S. Equity	\$17,871	\$ 10,197	\$ 6,536	\$ 35,897	\$ 8,698	\$ 79,200
Taxable Bonds	\$50,218	\$ 28,943	\$18,590	\$100,279	\$24,553	\$223,033
Total	\$83,618	\$201,828	\$30,931	\$168,297	\$40,950	\$525,624
Net Gain (Loss)	\$(3,062)	\$ (2,170)	\$(1,089)	\$(1,525)	\$(6,172)	\$(14,018)

Investment loss of \$ 14,018 includes \$1,863 of investment advisory fees.

U.S. GAAP establishes a framework for measuring fair value and provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to Level 1 inputs, unadjusted quoted prices in active

ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

markets for identical assets or liabilities. Level 2 inputs are other than quoted prices within the Level 1 that are observable either directly or indirectly. Level 3 includes observable inputs. The foundations investments were valued with Level 1 inputs as of June 30, 2020.

The Foundation invests in various investment securities through brokerage accounts. Investment securities are exposed to various risks such as interest rates, 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 values of investment securities will occur in the near term and those changes could materially affect investment income and total net assets.

6. Related Party Transactions and Concentrations

The Foundation Board has three directors who are also officers of Ohio State Organization, however neither entity controls the other.

7. Federal Excise Taxes

The Foundation is subject to federal excise taxes imposed on private foundations at 2%, or at 1% if certain conditions are met. The excise tax is imposed on net investment income, as defined under the federal law, which includes interest, dividends, and net realized gains on the sale of investments. The Foundation paid \$ 207 in excise taxes for the period ending June 30, 2020.

8. Volunteer Hours

Based on statistical information from the US Department of Labor, Bureau of Labor Statistics, the value of a volunteer hour for organizations with a fiscal year ending June 30, 2020 is \$ 24.09 + \$2.89(12% benefits) = \$26.98*.

ADSOEF Board members and volunteers reported 4,696 hours donated in 2019 – 2020 for a value of \$ 126,698.

*the estimate of the value of the volunteer hour is calculated by taking the 12 month average hourly wage of “production and non-supervisory employees on private nonfarm payrolls, seasonally adjusted” and increasing the amount by 12% to estimate fringe benefits.

**ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION
SCHEDULE OF PROGRAM EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Student Teacher Grant Fund</u>	<u>Scholarship Fund</u>	<u>Leadership Fund</u>	<u>Educational Projects Fund</u>	<u>International Studies Fund</u>	<u>Lifelong Learning Fund</u>	<u>Total</u>
Grants and scholarships	\$ 5,000				\$ 2,500		\$ 7,500
Business fees and taxes							-
Accounting fees							-
Contract services	166	375	42	10	343	104	1,039
Postage and mailing service	13	29	4	1	27	8	82
Printing and copying	32	72	8	2	66	20	201
Supplies	155	6	1	0	6	2	170
Annual meeting expense							-
Marketing	42	93	10	3	86	26	260
Paypal fees	9						9
Travel and mileage	352	791	88	22	725	220	2,197
Other expenses	8	18	2	1	17	5	50
Awards							-
TOTAL EXPENSES	<u><u>\$ 5,776</u></u>	<u><u>\$ 1,384</u></u>	<u><u>\$ 154</u></u>	<u><u>\$ 38</u></u>	<u><u>\$ 3,769</u></u>	<u><u>\$ 385</u></u>	<u><u>\$ 11,507</u></u>

See accompanying notes and independent accountant's compilation report.