

ALPHA DELTA STATE  
OHIO EDUCATIONAL FOUNDATION  
Compiled Financial Statements

For the Fiscal Year Ended  
June 30, 2019

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, 2019, 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  
November 10, 2019

**ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS**  
**MODIFIED CASH BASIS**  
**AS OF JUNE 30, 2019**

ASSETS	Donor Restricted (all funds)							Total
	Without Restrictions	Student Teacher Grant Fund	Scholarship Fund	International Studies Fund	Leadership Fund	Educational Projects Fund	Lifelong Learning Fund	
CURRENT ASSETS								
Cash and cash equivalents	\$ 7,514	\$ 12,888	\$ 26,570	\$ 35,853	\$ 2,646	\$ 5,338	\$ 19,314	\$ 110,123
OTHER ASSETS								
Marketable Securities								
International Studies Fund	-	-	-	171,517	-	-	-	171,517
Scholarship & Seminar Fund	-	-	199,466	-	-	-	41,757	241,223
Student Teacher & Leadership Fund	-	85,214	-	-	31,477	-	-	116,691
	-	85,214	199,466	171,517	31,477	-	41,757	529,432
Prepaid Expenses	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 7,514</u>	<u>\$ 98,101</u>	<u>\$ 226,036</u>	<u>\$ 207,371</u>	<u>\$ 34,123</u>	<u>\$ 5,338</u>	<u>\$ 61,071</u>	<u>\$ 639,554</u>
<b>LIABILITIES AND NET ASSETS</b>								
CURRENT LIABILITIES								
Credit Card	4,714	-	-	-	3,400	-	-	8,114
NET ASSETS								
Without restrictions	2,799	-	-	-	-	-	-	2,799
With donor restrictions	-	98,101	226,036	207,371	30,723	5,338	61,071	628,640
<b>TOTAL NET ASSETS</b>	<u>2,799</u>	<u>98,101</u>	<u>226,036</u>	<u>207,371</u>	<u>30,723</u>	<u>5,338</u>	<u>61,071</u>	<u>631,440</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,514</u>	<u>\$ 98,101</u>	<u>\$ 226,036</u>	<u>\$ 207,371</u>	<u>\$ 34,123</u>	<u>\$ 5,338</u>	<u>\$ 61,071</u>	<u>\$ 639,554</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, 2019**

	<b>Donor Restricted (all funds)</b>							<b>Total</b>
	<b>Without Restrictions</b>	<b>Student Teacher Grant Fund</b>	<b>Scholarship Fund</b>	<b>International Studies Fund</b>	<b>Leadership Fund</b>	<b>Educational Projects Fund</b>	<b>Lifelong Learning Fund</b>	
<b>REVENUES</b>								
Public support contributions	\$ 5,070	\$ 21,354	\$ 150,438	\$ 200	\$ 75	\$ 8,253	\$ 70	\$ 185,460
Scholarship fees	-	-	2,001	-	-	-	-	2,001
Interest/dividends	65	941	558	2,061	341	-	447	4,413
Gain/(Loss) on investments	-	(5,525)	(955)	(5,360)	(2,245)	-	(1,526)	(15,611)
Other income	150	-	-	-	-	-	-	150
Registrations Revenue	-	-	-	-	-	-	9,629	9,629
Release from restriction	44,417	(11,682)	(5,928)	(8,103)	(368)	(3,755)	(14,581)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>49,703</b>	<b>5,088</b>	<b>146,114</b>	<b>(11,202)</b>	<b>(2,197)</b>	<b>4,498</b>	<b>(5,961)</b>	<b>186,043</b>
<b>EXPENSES</b>								
Program	41,483	-	-	-	-	-	-	41,483
Management and general	6,755	-	-	-	-	-	-	6,755
Fundraising	2,934	-	-	-	-	-	-	2,934
<b>TOTAL EXPENSES</b>	<b>51,172</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,172</b>
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>(1,470)</b>	<b>5,088</b>	<b>146,114</b>	<b>(11,202)</b>	<b>(2,197)</b>	<b>4,498</b>	<b>(5,961)</b>	<b>134,871</b>
<b>NET ASSETS- BEGINNING OF YEAR</b>	<b>4,269</b>	<b>93,013</b>	<b>79,922</b>	<b>218,573</b>	<b>32,920</b>	<b>840</b>	<b>67,032</b>	<b>496,569</b>
<b>NET ASSETS- END OF YEAR</b>	<b>\$ 2,799</b>	<b>\$ 98,101</b>	<b>\$ 226,036</b>	<b>\$ 207,371</b>	<b>\$ 30,723</b>	<b>\$ 5,338</b>	<b>\$ 61,071</b>	<b>\$ 631,440</b>

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, 2019**

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and scholarships	\$ 31,345	\$ -	\$ -	\$ 31,345
Business fees and taxes	215	390	-	605
Accounting fees	-	5,000	-	5,000
Contract services	4,050	1,000	-	5,050
Postage and mailing service	155	-	-	155
Printing and copying	46	-	-	46
Other supplies	141	-	2,934	3,075
Annual meeting expense	213	-	-	213
Marketing	350	-	-	350
Paypal fees	3	-	-	3
Travel and mileage	4,097	-	-	4,097
Other expenses	50	365	-	415
Awards	818	-	-	818
<b>TOTAL EXPENSES</b>	<u><u>\$ 41,483</u></u>	<u><u>\$ 6,755</u></u>	<u><u>\$ 2,934</u></u>	<u><u>\$ 51,172</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, 2018**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 134,871
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Market value adjustment	11,478
Change in assets	250
Change in liabilities	<u>4,714</u>
Net cash provided by operating activities	151,313

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of investments	<u>(150,000)</u>
Net cash provided by investing activities	(150,000)

NET CHANGE IN CASH AND CASH EQUIVALENTS	1,313
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	<u>108,810</u>
CASH AND CASH EQUIVALENTS- END OF YEAR	<u><u>\$ 110,123</u></u>

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, 2019**

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 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.

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 November 9, 2019, 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.

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 expense are recognized when paid rather



**ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019. 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.

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.

**ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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 2014. 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, 2018 approximately 81% of the Foundation's total expenses related to program services, 13% to supporting services, and 6% to fundraising.

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 non-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.

**ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

4. Donor Restricted Net Assets

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

Scholarship Fund (formerly the Annie Webb Blanton 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. The fund increases with donations received that indicate a restriction for use as scholarships. Investment income is retained in the fund.

Student Teacher Grant Fund (formerly the Esther Strickland 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 (formerly the A. Margaret Boyd Overseas Foundation Fund). This fund provides fellowships to individuals for study in overseas countries. Investment income is retained in the fund.

Lifelong Learning Fund (formerly Biennial Seminar Fund). Ownership of this fund transferred from the Society to the Foundation in August 2017. In 1988, the Board of the Society designated \$44,606 to this fund. Investment income is retained in the fund.

Leadership Fund (formerly the Leadership Memorial Fund). Ownership of this fund transferred from the Society to the Foundation in August 2017. The Board of the Society designated this fund in 2001 with \$35,000. 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.

**ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

5. Investments and Fair Value measurement

	International	Scholarship & Seminar	Student Teacher & Leadership	Total
Money market funds	\$ 9,851	\$ 25,013	\$ 6,781	\$ 21,645
Mutual Funds				
U.S. Equity	79,763	42,461	54,233	176,458
Sector Equity	6,721	3,558	4,573	14,853
Taxable bond	<u>75,182</u>	<u>39,775</u>	<u>51,104</u>	<u>316,477</u>
Total	<u>\$ 171,517</u>	<u>\$ 138,336</u>	<u>\$ 116,691</u>	<u>\$ 529,432</u>
Net Gain (Loss)	<u>\$ (955)</u>	<u>\$ (4,885)</u>	<u>\$ (9,296)</u>	<u>\$(-15,135)</u>

Investment loss of \$ 15,135 includes \$ 997 of custodial fees; \$7,399 of investment advisory fees and \$ 5,166 of mutual funds capital gains distributions.

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 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 unobservable inputs. The foundations investments were valued with Level 1 inputs as of June 30, 2019.

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.

**ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

6. Related Party Transactions and Concentrations

The Foundation Board has three directors who are also trustees of the Society 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 excise taxes at the 2% excise tax rate for the year June 30, 2018 equal to \$ 90.

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, 2019 is \$ 23.08 + \$2.77(12% benefits) = \$25.85\*.

ADSOEF Board members and volunteers reported 3,721 hours donated in 2018 – 2019 for a value of \$ 96,187.85.

\*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, 2019**

	<u>Student Teaching</u>	<u>Scholarship Fund</u>	<u>Leadership Fund</u>	<u>International Studies</u>	<u>Educational Projects</u>	<u>Lifelong Learning</u>	<u>Total</u>
Grants and scholarships	\$ 10,250	\$ 5,000	\$ -	\$ 2,500	\$ -	\$ 13,595	\$ 31,345
Business fees and taxes	-	-	-	215	-	-	215
Accounting fees	-	-	-	-	-	-	-
Contract services	200	168	74	3,462	-	147	4,050
Postage and mailing service	30	25	11	68	-	22	155
Printing and copying	9	7	3	20	-	6	46
Other supplies	29	21	8	66	-	17	141
Annual meeting expense	40	34	15	94	-	30	213
Marketing	67	56	25	154	-	49	350
Paypal fees	-	-	-	-	3	-	3
Travel and mileage	838	594	229	1,977	-	458	4,097
Other expenses	10	8	4	22	-	7	50
Awards	-	-	-	-	818	-	818
<b>TOTAL EXPENSES</b>	<u><u>\$ 11,471</u></u>	<u><u>\$ 5,913</u></u>	<u><u>\$ 368</u></u>	<u><u>\$ 8,578</u></u>	<u><u>\$ 821</u></u>	<u><u>\$ 14,331</u></u>	<u><u>\$ 41,483</u></u>

See accompanying notes and independent accountant's compilation report.