

Consolidated Financial Statements for  
PHI KAPPA PSI FRATERNITY  
**Years Ended May 31, 2024 and 2023**  
With Independent Auditor's Report  
Including Supplementary Information

**PHI KAPPA PSI FRATERNITY  
TABLE OF CONTENTS**

	<b>PAGE</b>
Independent Auditor's Report	
Consolidated Financial Statements	
Consolidated Statements of Financial Position .....	1
Consolidated Statements of Activities .....	2
Consolidated Statements of Functional Expenses.....	3
Consolidated Statements of Cash Flows .....	5
Notes to the Consolidated Financial Statements .....	6
Supplementary Information	
Consolidating Statements of Financial Position .....	18
Consolidating Statements of Activities .....	19
Consolidating Statements of Functional Expenses.....	21

## INDEPENDENT AUDITOR'S REPORT

To the Executive Council  
Phi Kappa Psi Fraternity  
Indianapolis, Indiana

### Opinion

We have audited the accompanying consolidated financial statements of Phi Kappa Psi Fraternity and The PKP Permanent, Scholastic, Educational, Charitable and Fraternal Fund, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of May 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Phi Kappa Psi Fraternity and The PKP Permanent, Scholastic, Educational, Charitable and Fraternal Fund, Inc. as of May 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Phi Kappa Psi Fraternity and The PKP Permanent, Scholastic, Educational, Charitable and Fraternal Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Other Matter

As described in the notes to the consolidated financial statements, during the year ended May 31, 2024, Phi Kappa Psi Fraternity and The PKP Permanent, Scholastic, Educational, Charitable and Fraternal Fund, Inc. adopted FASB ASU 2016-13, *Financial instruments – Credit Losses (Topic 326)*. Our opinion is not modified with respect to that matter.

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Phi Kappa Psi Fraternity and The PKP Permanent, Scholastic, Educational, Charitable and Fraternal Fund, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Phi Kappa Psi Fraternity and The PKP Permanent, Scholastic, Educational, Charitable and Fraternal Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Phi Kappa Psi Fraternity and The PKP Permanent, Scholastic, Educational, Charitable and Fraternal Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

**Prior Period Consolidated Financial Statements**

The consolidated financial statements as of May 31, 2023 were audited by VonLehman & Company Inc., who merged with Dean Dorton Allen Ford, PLLC as of January 1, 2024.

*Dean Dorton Allen Ford, PLLC*

Indianapolis, Indiana  
November 15, 2024

**PHI KAPPA PSI FRATERNITY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	<b>May 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash	\$ 1,764,564	\$ 1,676,195
Chapter Accounts Receivable, Less Allowance for Credit Losses 2024 \$105,323; 2023 \$116,302	253,326	355,689
Accounts Receivable - Related Party	13,188	11,859
Inventory	5,614	6,681
Prepaid Expenses	734,052	544,744
Investments - PKP	314,263	369,259
Property Held by PFI	6,664,551	5,621,771
Property and Equipment, Net	120,027	132,353
Right of Use Asset - Operating Lease	669,309	759,883
	<u>\$ 10,538,894</u>	<u>\$ 9,478,434</u>
<b>Total Assets</b>	<b>\$ 10,538,894</b>	<b>\$ 9,478,434</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 198,062	\$ 216,280
Accounts Payable - Related Party	16,493	8,654
Accrued Payroll	46,211	33,791
Deferred Revenue	217,049	-
Notes Payable	142,572	253,701
Operating Lease Liability	686,523	777,529
Funds Held for Closed Chapters	61,126	32,448
	<u>1,368,036</u>	<u>1,322,403</u>
<b>Total Liabilities</b>	<b>1,368,036</b>	<b>1,322,403</b>
<b>Net Assets</b>		
Without Donor Restrictions - PKP	2,364,290	2,390,743
Without Donor Restrictions - Assets Held by PFI	6,664,551	5,621,771
	<u>9,028,841</u>	<u>8,012,514</u>
<b>Total Without Donor Restrictions</b>	<b>9,028,841</b>	<b>8,012,514</b>
With Donor Restrictions	142,017	143,517
	<u>142,017</u>	<u>143,517</u>
<b>Total Net Assets</b>	<b>9,170,858</b>	<b>8,156,031</b>
	<u>\$ 10,538,894</u>	<u>\$ 9,478,434</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,538,894</b>	<b>\$ 9,478,434</b>

See accompanying notes.

**PHI KAPPA PSI FRATERNITY  
CONSOLIDATED STATEMENTS OF ACTIVITIES**

Years Ended May 31,

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	<b>Revenues, Support, and Gains</b>					
Contributions	\$ 10,574	\$ -	\$ 10,574	\$ 17,439	\$ -	\$ 17,439
Alumni Association Dues	9,750	-	9,750	10,000	-	10,000
Chapter Dues	1,787,190	-	1,787,190	1,674,968	-	1,674,968
Initiation Fees	519,000	-	519,000	524,250	-	524,250
New Member Fees	124,100	-	124,100	117,250	-	117,250
Chapter Insurance Premium Fees	909,650	-	909,650	1,088,624	-	1,088,624
Grand Arch Council Conference	-	-	-	166,419	-	166,419
Royalty Income	45,750	-	45,750	57,634	-	57,634
Merchandise Sales	4,708	-	4,708	8,417	-	8,417
Chapter Finance Charges	80,192	-	80,192	147,391	-	147,391
Net Investment Return	1,146,320	-	1,146,320	(118,315)	-	(118,315)
Other	22,075	-	22,075	9,854	-	9,854
<b>Total Revenues, Support and Gains</b>	<b>4,659,309</b>	<b>-</b>	<b>4,659,309</b>	<b>3,703,931</b>	<b>-</b>	<b>3,703,931</b>
<b>Net Assets Released From Restriction</b>	<b>1,500</b>	<b>(1,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenues, Support, Gains and Reclassifications</b>	<b>4,660,809</b>	<b>(1,500)</b>	<b>4,659,309</b>	<b>3,703,931</b>	<b>-</b>	<b>3,703,931</b>
<b>Expenses</b>						
Program Expenses	2,452,160	-	2,452,160	2,449,030	-	2,449,030
Management and General Expenses	1,192,322	-	1,192,322	1,167,446	-	1,167,446
<b>Total Expenses</b>	<b>3,644,482</b>	<b>-</b>	<b>3,644,482</b>	<b>3,616,476</b>	<b>-</b>	<b>3,616,476</b>
<b>Change in Net Assets</b>	<b>1,016,327</b>	<b>(1,500)</b>	<b>1,014,827</b>	<b>87,455</b>	<b>-</b>	<b>87,455</b>
<b>Net Assets, Beginning of Year</b>	<b>8,012,514</b>	<b>143,517</b>	<b>8,156,031</b>	<b>7,925,059</b>	<b>143,517</b>	<b>8,068,576</b>
<b>Net Assets, End of Year</b>	<b>\$ 9,028,841</b>	<b>\$ 142,017</b>	<b>\$ 9,170,858</b>	<b>\$ 8,012,514</b>	<b>\$ 143,517</b>	<b>\$ 8,156,031</b>

See accompanying notes.

**PHI KAPPA PSI FRATERNITY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MAY 31, 2024**

	Program			Total	Management and General	Total Expenses
	Fraternity Activities	Publications and Communications	Convention/ Leadership Activities			
Automobile	\$ 14,557	\$ -	\$ -	\$ 14,557	\$ 1,617	\$ 16,174
Conferences and Meetings	18,442	-	-	18,442	18,441	36,883
Travel and Entertainment	101,243	-	-	101,243	236,233	337,476
<i>The Shield</i>	-	151,235	-	151,235	-	151,235
Other Program Expense	44,303	-	-	44,303	-	44,303
Membership Dues	12,486	-	-	12,486	29,133	41,619
Cost of Supply Sales	46,338	-	-	46,338	-	46,338
Bank Service Charges	-	-	-	-	16,083	16,083
Online Service and Website	37,362	5,565	6,360	49,287	30,207	79,494
Miscellaneous Expense	-	-	-	-	26,385	26,385
Office Staff Salaries	539,131	80,296	91,767	711,194	435,893	1,147,087
Payroll Tax	39,496	5,882	6,723	52,101	31,933	84,034
Health Insurance	95,730	14,258	16,294	126,282	77,397	203,679
401(k) Contributions	16,943	2,523	2,884	22,350	13,698	36,048
Interest Expense	-	-	-	-	19,441	19,441
Building and Equipment	-	-	-	-	12,619	12,619
Depreciation	-	-	-	-	20,277	20,277
Property Taxes	-	-	-	-	347	347
Postage, Printing, and Supplies	29,997	4,468	5,106	39,571	24,253	63,824
Telephone	10,663	1,588	1,815	14,066	8,621	22,687
Headquarters Rent	52,613	7,836	8,955	69,404	42,539	111,943
Insurance Expenses	956,627	-	-	956,627	16,352	972,979
Professional Fees	-	-	12,500	12,500	123,512	136,012
Loss on Disposal of Equipment	-	-	-	-	1,107	1,107
Materials	7,712	1,149	1,313	10,174	6,234	16,408
<b>Total Expenses by Function</b>	<b>\$ 2,023,643</b>	<b>\$ 274,800</b>	<b>\$ 153,717</b>	<b>\$ 2,452,160</b>	<b>\$ 1,192,322</b>	<b>\$ 3,644,482</b>

See accompanying notes.



**PHI KAPPA PSI FRATERNITY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MAY 31, 2023**

	Program			Total	Management and General	Total Expenses
	Fraternity Activities	Publications and Communications	Convention/ Leadership Activities			
Automobile	\$ 10,668	\$ -	\$ -	\$ 10,668	\$ 1,185	\$ 11,853
Awards	1,820	-	-	1,820	202	2,022
Conferences and Meetings	129,289	-	-	129,289	129,288	258,577
Travel and Entertainment	53,373	-	-	53,373	124,537	177,910
<i>The Shield</i>	-	126,045	-	126,045	-	126,045
Other Program Expense	17,565	-	-	17,565	-	17,565
Membership Dues	13,672	-	-	13,672	31,900	45,572
Cost of Supply Sales	51,764	-	-	51,764	-	51,764
Bank Service Charges	-	-	-	-	12,599	12,599
Online Service and Website	40,559	6,041	6,904	53,504	32,792	86,296
Miscellaneous Expense	-	-	-	-	10,804	10,804
Office Staff Salaries	430,452	64,110	73,268	567,830	348,026	915,856
Payroll Tax	36,185	5,389	6,159	47,733	29,257	76,990
Health Insurance	78,539	11,697	13,368	103,604	63,498	167,102
401(k) Contributions	15,312	2,281	2,606	20,199	12,380	32,579
Interest Expense	-	-	-	-	31,127	31,127
Building and Equipment	-	-	-	-	12,407	12,407
Depreciation	-	-	-	-	16,718	16,718
Property Taxes	-	-	-	-	474	474
Postage, Printing, and Supplies	26,173	3,898	4,455	34,526	21,162	55,688
Telephone	9,201	1,370	1,566	12,137	7,440	19,577
Headquarters Rent	52,614	7,836	8,956	69,406	42,538	111,944
Insurance Expenses	1,027,809	-	-	1,027,809	15,973	1,043,782
Professional Fees	-	-	-	-	218,182	218,182
Credit Loss Expense	100,000	-	-	100,000	-	100,000
Materials	6,130	913	1,043	8,086	4,957	13,043
<b>Total Expenses by Function</b>	<b>\$ 2,101,125</b>	<b>\$ 229,580</b>	<b>\$ 118,325</b>	<b>\$ 2,449,030</b>	<b>\$ 1,167,446</b>	<b>\$ 3,616,476</b>

See accompanying notes.

**PHI KAPPA PSI FRATERNITY  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Years Ended May 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 1,014,827	\$ 87,455
Adjustments to Reconcile Change in Net Assets with Cash Flows From Operations		
Depreciation	20,277	16,718
Net Investment Return	(1,146,320)	118,315
Loss on Disposal of Equipment	1,107	-
Changes in		
Chapter Accounts Receivable, Net	102,363	(51,167)
Accounts Receivable - Related Party	(1,329)	(1,803)
Employee Retention Credit Receivable	-	243,507
Inventory	1,067	3,062
Prepaid Expenses	(189,308)	149,267
Right of Use Asset - Operating Lease	90,574	87,960
Accounts Payable and Accrued Expenses	(18,218)	29,209
Accounts Payable - Related Party	7,839	(20,568)
Accrued Payroll	12,420	11,008
Accrued Interest	-	(7,651)
Deferred Revenue	217,049	(78,564)
Operating Lease Liabilities	(91,006)	(86,930)
Funds Held for Closed Chapters	28,678	6,058
	<u>50,020</u>	<u>505,876</u>
Net Cash Provided by Operating Activities		
<b>Cash Flows From Investing Activities</b>		
Purchases of Investments - PKP	-	(104,261)
Purchases of Property Held by PFI	(52,193)	(1,811,557)
Proceeds From Sales of Investments - PKP	77,107	24,636
Proceeds From Sales of Property Held by PFI	133,622	1,787,134
Purchases of Property and Equipment	(9,058)	(33,714)
	<u>149,478</u>	<u>(137,762)</u>
Net Cash Provided (Used) by Investing Activities		
<b>Cash Flows From Financing Activities</b>		
Payments on SBA Loan	-	(150,000)
Payments on Notes Payable	(493,374)	(949,887)
Proceeds From Notes Payable	382,245	910,476
	<u>(111,129)</u>	<u>(189,411)</u>
Net Cash Used by Financing Activities		
Net Change in Cash	88,369	178,703
<b>Cash, Beginning of Year</b>	<u>1,676,195</u>	<u>1,497,492</u>
<b>Cash, End of Year</b>	<u>\$ 1,764,564</u>	<u>\$ 1,676,195</u>

See accompanying notes.

**PHI KAPPA PSI FRATERNITY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations and Principles of Consolidation**

Phi Kappa Psi Fraternity (PKP) is a national college fraternity with headquarters in Indianapolis, Indiana. PKP engages men of integrity, further develops their intellect, and enhances community involvement. With a legacy built on acceptance and trust, each brother realizes his highest potential through a lifelong experience of service and excellence. In fulfillment of its mission, PKP focuses its efforts in three primary programs – fraternity activities, publications and communications, and convention and leadership activities. Through these programs, PKP provides educational and leadership development programming, administrative support, and property and liability insurance programs for the chapters and colonies.

At May 31, 2024, PKP had approximately 100 chapters and colonies located throughout the United States. Each chapter and colony are an independently governed and managed entity and, accordingly, the financial position, revenues and expenses of the chapters and colonies are not combined in the accompanying consolidated financial statements of the national fraternity.

The PKP Permanent, Scholastic, Educational, Charitable and Fraternal Fund, Inc. (PFI) was formed on July 31, 2018 to hold certain non-operating property of PKP.

The consolidated financial statements include the accounts of PKP and non-operating assets held by PFI, collectively referred to as the Fraternity. All significant inter-organization balances and transactions have been eliminated in consolidation.

The Fraternity's viability is dependent on the success of program services and maintaining its collegiate membership base and its ability to collect on its contracts with customers.

**Use of Estimates**

The process of preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Certain estimates relate to unsettled transactions and events as of the date of the consolidated financial statements. Other estimates relate to the assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Chapter Accounts Receivable and Allowance for Credit Losses**

Accounts receivable consist of amounts due from chapters and are unsecured. The Fraternity establishes allowances for credit losses on accounts receivable. The allowance for credit losses is the Fraternity's best estimate of the amount of probable credit losses in the Fraternity's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. The measurement of credit losses and subsequent changes in the allowance for credit losses are recorded in the consolidated statements of activities as the amounts expected to be collected change.

The Fraternity uses the aging method to estimate its expected credit losses on accounts receivable. To estimate expected credit losses, the Association assesses recent historical experience, current economic conditions and any reasonable and supportable forecasts to identify risk characteristics that are shared within the financial asset. These risk characteristics are then used to bifurcate the aging method into risk pools. Historical credit loss for each risk pool is then applied to the current period aging in the identified risk pools to determine the needed reserve allowance. In the absence of current economic conditions and/or forecasts that may affect future credit losses, the Fraternity has determined that recent historical experience provides the best basis for estimating credit losses.

The determination of past due status on accounts receivable is based on the terms indicated on chapter invoices. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Recoveries of accounts receivable previously written off are recorded when received. The Fraternity may charge interest on its past due receivables.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contract Liabilities**

Contract liabilities are reported as deferred revenue in the accompanying consolidated statements of financial position.

**Inventory**

Inventory is stated at the lower of cost, determined by the first-in, first-out (FIFO) method, or net realizable value, and consists of member paraphernalia such as buttons, pins, manuals, robes, books, etc. that are held for resale.

**Property and Equipment**

Property and equipment are stated at cost, or if donated, at fair value at the date of donation, and depreciated over the estimated useful lives of the related assets. The Fraternity holds historical treasures that have indefinite or extraordinarily long useful lives and are therefore not depreciated. Depreciation is computed using the straight-line method for financial reporting purposes. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized for items in excess of \$1,000.

**Investments and Property Held**

Property held by PFI includes investments in money market funds and mutual funds. Investments and property held, if purchased, are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses less any external and direct internal investment expenses. Cash equivalents and other securities and investments held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account with a limit of \$250,000 for claims of uninvested cash balances. The SIPC insurance does not protect against market losses on investments.

The useful lives of property and equipment for purposes of computing depreciation are:

Furniture	10 Years
Equipment	5-10 Years
Computer Software	3 Years
Computer Equipment	3-10 Years
Vehicles	5-10 Years

**Long-Lived Assets**

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are measured based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less costs to sell. Long-lived assets were measured for impairment, and no adjustments were deemed necessary during the years ended May 31, 2024 and 2023.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board of PKP has designated net assets without donor restrictions as net assets for specific purposes (see Board Designated Net Assets note).

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net assets held by PFI are considered to be without donor restrictions as no donor has restricted the use of the assets. PFI's Bylaws require an annual distribution to PKP in an amount equal to the net realized interest, dividends and capital gains less administrative, managerial and operating expenses. While special distributions in excess of the annual distribution can be made, the PFI Board must first approve the request before the transfer is made.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

**Revenue From Contracts with Customers**

Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing service. The Fraternity recognizes contract revenue for financial reporting purposes over time and at a point in time. Contracts with customers may include multiple performance obligations for which the consideration is allocated between performance obligations. Depending on the terms of the contract, the Fraternity may defer the recognition of revenue and record a contract liability when a future performance obligation has not yet occurred.

Alumni association dues, chapter dues, chapter insurance premium fees, and new member fees are received in exchange for services provided to alumni associations and collegiate members during the fall and spring semesters spanning from June 1<sup>st</sup> through May 31<sup>st</sup>. The Fraternity's performance obligations under these contracts include providing access to member only events and information, educational and leadership enhancement opportunities, on-line forums, property and general liability insurance coverage and a subscription to the publication, *The Shield*. These fees are non-refundable. The transaction price is allocated across the Fraternity's obligations based on the relative share of the cost to perform the services. The Fraternity recognizes revenue from these contracts over time using an output method based on the value of these services delivered during the fall and spring semesters.

Initiation fees are received in exchange for services provided during the members' initiation and revenue is recognized upon the members' initiation ceremony.

Conventions and conferences event revenue is recognized when obligations under the terms of a contract with the customer are satisfied, which generally occurs at the date of the event. Payment from the customers is received in advance and deferred until all performance obligations are met.

Revenue from the sale of merchandise is recognized when obligations under the terms of a contract with the customer are satisfied, which generally occurs with the transfer of the merchandise sold. Determining when control transfers requires management to make judgments that affect the timing of revenue recognized. The Fraternity believes that this method provides a faithful depiction of the transfer of control of the merchandise. Payment from the customer is typically received as the products are transferred.

Royalty income is received from a third party and is recognized in the period in which the underlying sale occurs. Royalty income earned but not received is recorded as accounts receivable.

**Revenue from Contributions**

The Fraternity recognizes contributions and grants when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Services, Equipment, and In-Kind Contributions**

Donations of equipment and in-kind contributions are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Fraternity.

The Fraternity has significant time contributed to its mission through volunteers, however, the consolidated statements of activities do not reflect the value of these services as they do not meet recognition criteria required under U.S. GAAP.

**Retirement Plan**

PKP offers an employee savings and retirement plan to all eligible employees who are at least 21 years of age and have a minimum of one year (1,000 hours) of full-time service. Each year, PKP may make a discretionary contribution based upon a percentage set by PKP prior to the end of the plan year. By its nature, the plan is fully funded.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include automobile, conferences and meetings, travel and entertainment, membership dues, office staff salaries, payroll tax, health insurance, 401(k) contributions, postage, printing, and supplies, telephone, headquarters rent and utilities, and materials, which are allocated on the basis of estimates of time and effort. Insurance expense is allocated based on coverage type. Certain costs directly attributable to one program or supporting function are charged directly to that function.

**Income Tax Status**

PKP is a nonprofit organization as described in Section 501(c)(7) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to the Internal Revenue Code.

PFI is a nonprofit corporation as described in Section 501(c)(2) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to the Internal Revenue Code. All income and realized gains are passed through to PKP.

The Fraternity has adopted the provisions of the accounting pronouncement related to accounting for uncertainty in income taxes. The Fraternity recognized no interest or penalties in the consolidated statements of activities for the years ended May 31, 2024 and 2023. If the situation arose in which the Fraternity would have interest to recognize, it would recognize this as interest expense and penalties would be recognized in other expenses. Currently, the prior three years are open under federal and state statutes of limitations and remain subject to review and change. The Fraternity is not currently under audit, nor has the Fraternity been contacted by these jurisdictions.

Based on the evaluation of the Fraternity's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for either of the years ended May 31, 2024 and 2023.

**Reclassifications**

Certain amounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Adoption of New Accounting Standards**

Effective June 1, 2023, the Fraternity adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and associated amendments. This standard creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including premiums receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statements of activities as the amounts expected to be collected change.

The adoption of the new standard did not result in a cumulative-effect adjustment to the opening balance of net assets.

**NOTE 2 - LIQUIDITY**

Financial assets available for general use and without donor or other restrictions or designations limiting their use within one year of the consolidated statements of financial position were comprised of the following:

	May 31,	
	2024	2023
Financial Assets, End of Year		
Cash	\$ 1,764,564	\$ 1,676,195
Chapter Accounts Receivable, Net	253,326	355,689
Accounts Receivable - Related Party	13,188	11,859
Investments - PKP	314,263	369,259
Property Held by PFI	6,664,551	5,621,771
	<u>9,009,892</u>	<u>8,034,773</u>
Total Financial Assets		
Less Amounts Not Available to be Used for General Expenditures within One Year		
Net Assets With Donor Restrictions	142,017	143,517
Board Designated Net Assets - PKP	448,675	436,608
Investments Restricted for Self Insured Retention	159,781	214,411
Funds Held for Closed Chapters	61,126	32,448
Net Assets Held by PFI	6,664,551	5,621,771
	<u>6,664,551</u>	<u>5,621,771</u>
Total Financial Assets Available	\$ <u>1,533,742</u>	\$ <u>1,586,018</u>

The Fraternity is funded primarily through chapter and member dues and fees, grants, and other program service fees. As part of the Fraternity's liquidity management, the Fraternity invests cash in excess of operating requirements in short-term investments and money market funds. Although the Fraternity does not plan to spend from the board designated net assets fund for general use, these amounts could be made available if necessary. Net assets held by PFI are not available for general use as they are subject to a limited distribution policy.

**NOTE 3 - CASH AND CASH FLOWS**

For the purposes of the consolidated statements of cash flows, cash includes cash held in checking and saving accounts.

At various times throughout the year, the Fraternity may have cash in financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures account balances up to \$250,000 for each business depositor.

Cash paid for interest for the years ended May 31, 2024 and 2023 was \$19,441 and \$38,778, respectively.

The Fraternity had noncash operating activities related to the right of use assets obtained through operating lease liabilities of \$864,459 for the year ended May 31, 2023.

**NOTE 4 - ALLOWANCE FOR CREDIT LOSSES**

The allowance for credit losses related to chapter accounts receivable was as follows:

	May 31,	
	2024	2023
Balance at Beginning of Year	\$ 116,302	\$ 200,000
Provision for Expected Credit Losses	-	100,000
Writeoffs Charged Against the Allowance	(10,979)	(183,698)
Balance at End of Year	<u>\$ 105,323</u>	<u>\$ 116,302</u>

Estimating credit losses based on risk characteristics requires significant judgment by the Fraternity. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. The Fraternity reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

**NOTE 5 - INVESTMENTS AND PROPERTY HELD**

Investments and property held consisted of the following:

	May 31,			
	2024		2023	
	PKP	PFI	PKP	PFI
Money Market	\$ 82,569	\$ 300,690	\$ 79,668	\$ 339,974
Mutual Funds	231,694	6,363,861	289,591	5,281,797
Total Investments	<u>\$ 314,263</u>	<u>\$ 6,664,551</u>	<u>\$ 369,259</u>	<u>\$ 5,621,771</u>



**NOTE 6 - FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

**LEVEL 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fraternity has the ability to access.

**LEVEL 2** – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**LEVEL 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for marketable securities measured at fair value. There have been no changes in the methodology used at May 31, 2024 and 2023.

*Mutual Funds (Including Money Market Funds)* – Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Fraternity are deemed to be actively traded.

The preceding method described may provide a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Fraternity believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. All investments held by the Fraternity at May 31, 2024 and 2023 were measured using Level 1 inputs.

**Risks and Uncertainties**

The Fraternity invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credits risks. Due to the level of risks 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 that such changes could materially affect account balances and amounts reported in the consolidated statements of financial position.

**NOTE 7 - PROPERTY AND EQUIPMENT**

Property and equipment and related accumulated depreciation consisted of the following:

	May 31,	
	2024	2023
Furniture	\$ 185,006	\$ 185,006
Equipment	35,711	43,690
Computer Software	6,230	202,988
Computer Equipment	40,051	52,343
Vehicles	69,745	69,745
	336,743	553,772
Less Accumulated Depreciation	282,689	487,392
	54,054	66,380
Non-Depreciable Historical Treasures	65,973	65,973
Property and Equipment, Net	\$ 120,027	\$ 132,353

**NOTE 8 - CONTRACT BALANCES**

Receivables and contract balances from contracts with customers were as follows:

Chapter Accounts Receivable, Net			
Beginning of Year	\$ 355,689	\$ 304,522	
End of Year	\$ 253,326	\$ 355,689	
Deferred Revenue			
Beginning of Year	\$ -	\$ 78,564	
End of Year	\$ 217,049	\$ -	

**NOTE 9 - ACCRUED INSURANCE CLAIMS**

PKP is a defendant in various lawsuits and potential lawsuits relating to accidents involving personal injury and property damage at its chapters. PKP is liable for losses on claims and costs associated with defending itself up to certain pre-established limits for the related policy year. At May 31, 2024 and 2023, PKP accrued expenses on unsettled claims of \$174,000 and \$156,000, respectively. This is included in accounts payable and accrued expenses on the consolidated statements of financial position.

**NOTE 10 - NOTES PAYABLE AND SBA LOAN**

PKP finances its annual insurance premiums. The promissory notes are generally for a term of less than 12 months, charge interest at approximately 4.3%, and are collateralized by the underlying insurance policy for which the notes finances. Promissory notes payable outstanding at May 31, 2024 and 2023 totaled \$142,572 and \$253,701, respectively. The final payment on the notes payable is due on November 5, 2024. Interest paid on the notes during the years ended May 31, 2024 and 2023 was \$19,441 and \$29,703, respectively.

PKP obtained an Economic Injury Disaster Loan (EIDL) with the Small Business Administration for \$150,000 in July 2020. The loan charged interest at a rate of 2.75% per annum. Monthly principal and interest payments of \$641 were deferred until January 2023 and the loan was due in full in July 2051. The loan was collateralized by the business assets of PKP. In September 2022, the EIDL was paid in full. Interest charged on the note during the year ended May 31, 2023 totaled \$1,424.

**NOTE 11 - FUNDS HELD FOR CLOSED CHAPTERS**

PKP holds certain funds in a trust for chapters that are dissolved or closed. If the chapter reopens within 20 years, the funds are returned to the chapter. If the chapter is not reestablished, the funds become available for general use by PKP. The following amounts were held in trust as follows:

	May 31,		Year Funds will be Released
	2024	2023	
Texas Gamma	\$ 16,870	\$ 16,870	2030
Arizona Alpha	322	322	2032
Tennessee Delta	17	17	2038
Alabama Beta	5,009	5,009	2039
California Xi	4,172	4,172	2041
Virginia Eta	6,058	6,058	2043
University of Utah Colony	748	-	2044
Michigan Alpha	27,930	-	2044
Total Funds Held for Closed Chapters	\$ 61,126	\$ 32,448	

**NOTE 12 - NET ASSETS**

*Board Designated*

The Board designated net assets for the following purposes:

	May 31,	
	2024	2023
Insurance Fund	\$ 448,675	\$ 436,608

**NOTE 12 - NET ASSETS (Continued)**

*With Donor Restrictions*

Net assets with donor restrictions are restricted as follows:

	May 31,	
	2024	2023
<b>Subject to Expenditure for Specified Purpose</b>		
Chapter Financial Assistance	\$ 131,017	\$ 131,017
AA Post Card Fund	6,000	6,000
Mississippi Alpha Extension - Scholarships	-	1,500
Archive Fund	5,000	5,000
	<u>5,000</u>	<u>5,000</u>
 Total Net Assets with Donor Restrictions	 \$ <u>142,017</u>	 \$ <u>143,517</u>

The Chapter Financial Assistance fund is to be used to support the development of new chapters and to support house corporations.

The AA Post Card Fund is to be used to assist Alumni Associations in printing and mailing communications to members and prospective members.

The Mississippi Alpha Extension – Scholarships fund is to support the Mississippi Alpha chapter’s extension efforts.

The Archive fund is to support and enhance the Fraternity’s collection of historical items.

**NOTE 13 - LEASES**

PKP has one operating lease for a substantial portion of the headquarters building from the Endowment Fund of the Phi Kappa Psi Fraternity, an affiliated organization. A right of use asset was recorded on the consolidated statements of financial position for this lease. The lease expires on December 31, 2025 and automatically renews for a period of 5 years extending the expiration to December 31, 2030. Operating lease expense included in the consolidated statements of activities for the years ended May 31, 2024 and 2023 totaled \$111,943 and \$111,944, respectively.

The following summarizes the cash flow information, weighted average lease term, and discount rate related to operating leases as of and for the years ended:

	Years Ended May 31,	
	2024	2023
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Cash Flows from Operating Lease	\$ 112,375	\$ 110,914
ROU Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 864,459
Weighted-Average Remaining Lease Term in Years for Operating Lease	6.58	7.58
Weighted-Average Discount Rate for Operating Lease	2.94%	2.94%

**NOTE 13 - LEASES (Continued)**

The maturities of the operating lease liability are as follows:

Years Ending May 31,		
2025	\$	113,835
2026		114,687
2027		114,687
2028		114,687
2029		114,687
Thereafter		<u>181,588</u>
Total Undiscounted Cash Flows		754,171
Less Present Value Discount		<u>67,648</u>
Total Operating Lease Liability	\$	<u><u>686,523</u></u>

**NOTE 14 - TRANSACTIONS WITH AFFILIATED ORGANIZATIONS**

**Endowment Fund of the Phi Kappa Psi Fraternity**

The Endowment Fund of the Phi Kappa Psi Fraternity (Endowment Fund), an affiliated organization, is a legally separate entity organized to solicit contributions and disburse funds in the form of educational grants, scholarships, and loans. Solicitations are made in its name, and all funds are used by the Endowment Fund in fulfilling its educational objectives. Accordingly, the accounts of the Endowment Fund have not been combined with the Fraternity in the accompanying consolidated financial statements.

The Fraternity had the following transactions with the Endowment Fund:

- PKP leases a substantial portion of the headquarters building from the Endowment Fund. See the Leases note for additional information.
- PKP reimburses the Endowment Fund for certain costs associated with janitorial services, telecommunications, software, office supplies, and computer support.
- The Endowment Fund and PKP share employees as needed and reimburse each other for an allocable share of the salary, wages, and benefits of the shared employees.

Following is a summary of transactions and balances with the Endowment Fund:

	Years Ended May 31,	
	<u>2024</u>	<u>2023</u>
<b>Activity During the Year</b>		
Rent Paid to Endowment Fund	\$ 112,375	\$ 110,914
Administrative Costs Reimbursed to Endowment Fund	70,397	56,260
Employee Costs Reimbursed to Endowment Fund	48,848	85,113
Employee Costs Reimbursed by Endowment Fund	35,789	39,570
<b>Balances at May 31,</b>		
Due from the Endowment Fund	\$ 13,188	\$ 5,614
Due to the Endowment Fund	16,493	8,654

**NOTE 14 - TRANSACTIONS WITH AFFILIATED ORGANIZATIONS (Continued)**

**The Canonsburg Corporation**

The Canonsburg Corporation (Canonsburg), an affiliated organization, is a legally separate entity organized to provide housing, financing, and related goods and services to local chapters and housing corporations affiliated with the Fraternity. PKP collects the member fees assessed by Canonsburg from its chapters and colonies and remits them to Canonsburg annually. PKP collected and remitted from its members fees assessed by Canonsburg totaling \$92,570 and \$90,640 during the years ended May 31, 2024 and 2023, respectively. At both May 31, 2024 and 2023, no amounts were due to Canonsburg.

PKP leases staff to Canonsburg. For the years ended May 31, 2024 and 2023, Canonsburg reimbursed PKP \$6,075 and \$3,242 for shared employee related expenses, respectively.

**Oregon Alpha Housing Corporation**

Oregon Alpha Housing Corporation (Oregon Alpha), an affiliated organization, is a legally separate entity organized to provide housing to the Oregon Alpha chapter of Phi Kappa Psi Fraternity. For the years ended May 31, 2024 and 2023, PKP invoiced Oregon Alpha \$41,993 and \$42,388 for shared employee related expenses, respectively. At May 31, 2024 and 2023, \$-0- and \$6,245 was due from Oregon Alpha, respectively.

**NOTE 15 - SELF INSURED RETENTION**

PKP participates in the Self Insured Retention (SIR) program offered by FRMT, Ltd. The SIR program requires PKP to provide proof of appropriate security, which may be an irrevocable letter of credit to the benefit of FRMT, Ltd., or a deposit in an investment account with UBS of Cincinnati, Ohio. The investment account restricts the principal only for use by the FRMT, Ltd. claim administrator for expense and claim payments. Any excess funds available at the plan's year end may be applied to the new plan year SIR obligation or returned to PKP.

The balance in the investment account at May 31, 2024 and 2023 was \$159,781 and \$214,411, respectively.

**NOTE 16 - COMMITMENTS**

From time to time the Fraternity contracts with hotels for future events. The contracts carry cancellation policies which would penalize the Fraternity under a set schedule in the event of cancellation. It is the intent of the Fraternity to honor all outstanding contracts.

**NOTE 17 - SUBSEQUENT EVENTS**

The Fraternity has evaluated subsequent events through November 15, 2024, which is the date the consolidated financial statements were available to be issued.

In October 2024, the Fraternity entered into a financing agreement for the annual insurance premiums for the 2024-2025 policy period which total \$494,929. The note charges interest at 9% and is payable over 11 months beginning in November 2024.

In August 2024, the Fraternity entered into a lease agreement for office equipment. The lease term is 60 months and requires a monthly payment of \$266.

**SUPPLEMENTARY INFORMATION**

**PHI KAPPA PSI FRATERNITY  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	May 31,					
	2024			2023		
	PKP	PFI	Total	PKP	PFI	Total
<b>Assets</b>						
Cash	\$ 1,764,564	\$ -	\$ 1,764,564	\$ 1,676,195	\$ -	\$ 1,676,195
Chapter Accounts Receivable, Net	253,326	-	253,326	355,689	-	355,689
Accounts Receivable - Related Party	13,188	-	13,188	11,859	-	11,859
Inventory	5,614	-	5,614	6,681	-	6,681
Prepaid Expenses	734,052	-	734,052	544,744	-	544,744
Investments - PKP	314,263	-	314,263	369,259	-	369,259
Property Held by PFI	-	6,664,551	6,664,551	-	5,621,771	5,621,771
Property and Equipment, Net	120,027	-	120,027	132,353	-	132,353
Right of Use Asset - Operating Lease	669,309	-	669,309	759,883	-	759,883
<b>Total Assets</b>	<b>\$ 3,874,343</b>	<b>\$ 6,664,551</b>	<b>\$ 10,538,894</b>	<b>\$ 3,856,663</b>	<b>\$ 5,621,771</b>	<b>\$ 9,478,434</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>						
Accounts Payable and Accrued Expenses	\$ 198,062	\$ -	\$ 198,062	\$ 216,280	\$ -	\$ 216,280
Accounts Payable - Related Party	16,493	-	16,493	8,654	-	8,654
Accrued Payroll	46,211	-	46,211	33,791	-	33,791
Deferred Revenue	217,049	-	217,049	-	-	-
Notes Payable	142,572	-	142,572	253,701	-	253,701
Operating Lease Liability	686,523	-	686,523	777,529	-	777,529
Funds Held for Closed Chapters	61,126	-	61,126	32,448	-	32,448
<b>Total Liabilities</b>	<b>1,368,036</b>	<b>-</b>	<b>1,368,036</b>	<b>1,322,403</b>	<b>-</b>	<b>1,322,403</b>
<b>Net Assets</b>						
Without Donor Restrictions	2,364,290	6,664,551	9,028,841	2,390,743	5,621,771	8,012,514
With Donor Restrictions	142,017	-	142,017	143,517	-	143,517
<b>Total Net Assets</b>	<b>2,506,307</b>	<b>6,664,551</b>	<b>9,170,858</b>	<b>2,534,260</b>	<b>5,621,771</b>	<b>8,156,031</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,874,343</b>	<b>\$ 6,664,551</b>	<b>\$ 10,538,894</b>	<b>\$ 3,856,663</b>	<b>\$ 5,621,771</b>	<b>\$ 9,478,434</b>



**PHI KAPPA PSI FRATERNITY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED MAY 31, 2024**

	<b>PKP</b>			<b>PFI</b>	
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Subtotal</b>	<b>Without Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Support, and Gains</b>					
Contributions	\$ 10,574	\$ -	\$ 10,574	\$ -	\$ 10,574
Alumni Association Dues	9,750	-	9,750	-	9,750
Chapter Dues	1,787,190	-	1,787,190	-	1,787,190
Initiation Fees	519,000	-	519,000	-	519,000
New Member Fees	124,100	-	124,100	-	124,100
Chapter Insurance Premium Fees	909,650	-	909,650	-	909,650
Royalty Income	45,750	-	45,750	-	45,750
Merchandise Sales	4,708	-	4,708	-	4,708
Chapter Finance Charges	80,192	-	80,192	-	80,192
Net Investment Return	22,111	-	22,111	1,124,209	1,146,320
Other	22,075	-	22,075	-	22,075
<b>Total Revenues, Support and Gains</b>	<b>3,535,100</b>	<b>-</b>	<b>3,535,100</b>	<b>1,124,209</b>	<b>4,659,309</b>
<b>Net Assets Released From Restrictions</b>	<b>1,500</b>	<b>(1,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenues, Support, Gains and Reclassifications</b>	<b>3,536,600</b>	<b>(1,500)</b>	<b>3,535,100</b>	<b>1,124,209</b>	<b>4,659,309</b>
<b>Expenses</b>					
Program Expenses	2,452,160	-	2,452,160	-	2,452,160
Management and General Expenses	1,191,372	-	1,191,372	950	1,192,322
<b>Total Expenses</b>	<b>3,643,532</b>	<b>-</b>	<b>3,643,532</b>	<b>950</b>	<b>3,644,482</b>
<b>Change in Net Assets</b>	<b>(106,932)</b>	<b>(1,500)</b>	<b>(108,432)</b>	<b>1,123,259</b>	<b>1,014,827</b>
<b>Transfer</b>	<b>80,479</b>	<b>-</b>	<b>80,479</b>	<b>(80,479)</b>	<b>-</b>
<b>Net Assets, Beginning of Year</b>	<b>2,390,743</b>	<b>143,517</b>	<b>2,534,260</b>	<b>5,621,771</b>	<b>8,156,031</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,364,290</b>	<b>\$ 142,017</b>	<b>\$ 2,506,307</b>	<b>\$ 6,664,551</b>	<b>\$ 9,170,858</b>

**PHI KAPPA PSI FRATERNITY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED MAY 31, 2023**

	<b>PKP</b>			<b>PFI</b>	
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Subtotal</b>	<b>Without Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Support, and Gains</b>					
Contributions	\$ 17,439	\$ -	\$ 17,439	\$ -	\$ 17,439
Alumni Association Dues	10,000	-	10,000	-	10,000
Chapter Dues	1,674,968	-	1,674,968	-	1,674,968
Initiation Fees	524,250	-	524,250	-	524,250
New Member Fees	117,250	-	117,250	-	117,250
Chapter Insurance Premium Fees	1,088,624	-	1,088,624	-	1,088,624
Grand Arch Council Conference	166,419	-	166,419	-	166,419
Royalty Income	57,634	-	57,634	-	57,634
Merchandise Sales	8,417	-	8,417	-	8,417
Chapter Finance Charges	147,391	-	147,391	-	147,391
Net Investment Return	4,410	-	4,410	(122,725)	(118,315)
Other	9,854	-	9,854	-	9,854
	<u>3,826,656</u>	<u>-</u>	<u>3,826,656</u>	<u>(122,725)</u>	<u>3,703,931</u>
<b>Total Revenues, Support, and Gains</b>					
	<u>3,826,656</u>	<u>-</u>	<u>3,826,656</u>	<u>(122,725)</u>	<u>3,703,931</u>
<b>Expenses</b>					
Program Expenses	2,449,030	-	2,449,030	-	2,449,030
Management and General Expenses	1,160,846	-	1,160,846	6,600	1,167,446
	<u>3,609,876</u>	<u>-</u>	<u>3,609,876</u>	<u>6,600</u>	<u>3,616,476</u>
<b>Total Expenses</b>					
	<u>3,609,876</u>	<u>-</u>	<u>3,609,876</u>	<u>6,600</u>	<u>3,616,476</u>
Change in Net Assets	216,780	-	216,780	(129,325)	87,455
<b>Transfer</b>	42,654	-	42,654	(42,654)	-
<b>Net Assets, Beginning of Year</b>	<u>2,131,309</u>	<u>143,517</u>	<u>2,274,826</u>	<u>5,793,750</u>	<u>8,068,576</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,390,743</u>	<u>\$ 143,517</u>	<u>\$ 2,534,260</u>	<u>\$ 5,621,771</u>	<u>\$ 8,156,031</u>

**PHI KAPPA PSI FRATERNITY  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MAY 31, 2024**

	PKP				PFI			
	Program			Management and General	Subtotal	Management and General	Total	
Fraternity Activities	Publications and Communications	Convention/ Leadership Activities	Total Program					
Automobile	\$ 14,557	\$ -	\$ -	\$ 14,557	\$ 1,617	\$ 16,174	\$ -	\$ 16,174
Conferences and Meetings	18,442	-	-	18,442	18,441	36,883	-	36,883
Travel and Entertainment	101,243	-	-	101,243	236,233	337,476	-	337,476
<i>The Shield</i>	-	151,235	-	151,235	-	151,235	-	151,235
Other Program Expense	44,303	-	-	44,303	-	44,303	-	44,303
Membership Dues	12,486	-	-	12,486	29,133	41,619	-	41,619
Cost of Supply Sales	46,338	-	-	46,338	-	46,338	-	46,338
Bank Service Charges	-	-	-	-	16,083	16,083	-	16,083
Online Service and Website	37,362	5,565	6,360	49,287	30,207	79,494	-	79,494
Miscellaneous Expense	-	-	-	-	26,385	26,385	-	26,385
Office Staff Salaries	539,131	80,296	91,767	711,194	435,893	1,147,087	-	1,147,087
Payroll Tax	39,496	5,882	6,723	52,101	31,933	84,034	-	84,034
Health Insurance	95,730	14,258	16,294	126,282	77,397	203,679	-	203,679
401(k) Contributions	16,943	2,523	2,884	22,350	13,698	36,048	-	36,048
Interest Expense	-	-	-	-	19,441	19,441	-	19,441
Building and Equipment	-	-	-	-	12,619	12,619	-	12,619
Depreciation	-	-	-	-	20,277	20,277	-	20,277
Property Taxes	-	-	-	-	347	347	-	347
Postage, Printing, and Supplies	29,997	4,468	5,106	39,571	24,253	63,824	-	63,824
Telephone	10,663	1,588	1,815	14,066	8,621	22,687	-	22,687
Headquarters Rent	52,613	7,836	8,955	69,404	42,539	111,943	-	111,943
Insurance Expenses	956,627	-	-	956,627	16,352	972,979	-	972,979
Professional Fees	-	-	12,500	12,500	122,562	135,062	950	136,012
Loss on Disposal of Equipment	-	-	-	-	1,107	1,107	-	1,107
Materials	7,712	1,149	1,313	10,174	6,234	16,408	-	16,408
<b>Total Expenses by Function</b>	<b>\$ 2,023,643</b>	<b>\$ 274,800</b>	<b>\$ 153,717</b>	<b>\$ 2,452,160</b>	<b>\$ 1,191,372</b>	<b>\$ 3,643,532</b>	<b>\$ 950</b>	<b>\$ 3,644,482</b>

**PHI KAPPA PSI FRATERNITY  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MAY 31, 2023**

	PKP				PFI			
	Program			Total Program	Management and General	Subtotal	Management and General	Total
Fraternity Activities	Publications and Communications	Convention/ Leadership Activities						
Automobile	\$ 10,668	\$ -	\$ -	\$ 10,668	\$ 1,185	\$ 11,853	\$ -	\$ 11,853
Awards	1,820	-	-	1,820	202	2,022	-	2,022
Conferences and Meetings	129,289	-	-	129,289	129,288	258,577	-	258,577
Travel and Entertainment	53,373	-	-	53,373	124,537	177,910	-	177,910
<i>The Shield</i>	-	126,045	-	126,045	-	126,045	-	126,045
Other Program Expense	17,565	-	-	17,565	-	17,565	-	17,565
Membership Dues	13,672	-	-	13,672	31,900	45,572	-	45,572
Cost of Supply Sales	51,764	-	-	51,764	-	51,764	-	51,764
Bank Service Charges	-	-	-	-	12,249	12,249	350	12,599
Online Service and Website	40,559	6,041	6,904	53,504	32,792	86,296	-	86,296
Miscellaneous Expense	-	-	-	-	10,804	10,804	-	10,804
Office Staff Salaries	430,452	64,110	73,268	567,830	348,026	915,856	-	915,856
Payroll Tax	36,185	5,389	6,159	47,733	29,257	76,990	-	76,990
Health Insurance	78,539	11,697	13,368	103,604	63,498	167,102	-	167,102
401(k) Contributions	15,312	2,281	2,606	20,199	12,380	32,579	-	32,579
Interest Expense	-	-	-	-	31,127	31,127	-	31,127
Building and Equipment	-	-	-	-	12,407	12,407	-	12,407
Depreciation	-	-	-	-	16,718	16,718	-	16,718
Property Taxes	-	-	-	-	474	474	-	474
Postage, Printing, and Supplies	26,173	3,898	4,455	34,526	21,162	55,688	-	55,688
Telephone	9,201	1,370	1,566	12,137	7,440	19,577	-	19,577
Headquarters Rent	52,614	7,836	8,956	69,406	42,538	111,944	-	111,944
Insurance Expenses	1,027,809	-	-	1,027,809	15,973	1,043,782	-	1,043,782
Professional Fees	-	-	-	-	211,932	211,932	6,250	218,182
Credit Loss Expense	100,000	-	-	100,000	-	100,000	-	100,000
Materials	6,130	913	1,043	8,086	4,957	13,043	-	13,043
<b>Total Expenses by Function</b>	<b>\$ 2,101,125</b>	<b>\$ 229,580</b>	<b>\$ 118,325</b>	<b>\$ 2,449,030</b>	<b>\$ 1,160,846</b>	<b>\$ 3,609,876</b>	<b>\$ 6,600</b>	<b>\$ 3,616,476</b>

