

**THE ENDOWMENT FUND OF THE  
PHI KAPPA PSI FRATERNITY  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AND**

**SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2021 AND 2020**

*CPAs / ADVISORS*



# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

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## REPORT OF INDEPENDENT AUDITORS

Board of Trustees  
The Endowment Fund of the Phi Kappa Psi Fraternity  
Indianapolis, Indiana

### Opinion

We have audited the accompanying consolidated financial statements of The Endowment Fund of the Phi Kappa Psi Fraternity (d/b/a/Phi Kappa Psi Foundation; Phi Psi Foundation) and Subsidiaries (collectively, the Foundation), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020 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 the Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its 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 the Foundation 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.

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## **REPORT OF INDEPENDENT AUDITORS (Continued)**

### 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 judgement 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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 audit.

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 32 through 40 is presented for purposes of additional analysis and is not a required part of the 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 supplementary information has been subjected to the auditing procedures applied in the audits 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

## REPORT OF INDEPENDENT AUDITORS (Continued)

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 supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Blue & Co., LLC*

Carmel, Indiana

May 26, 2022

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2021 AND 2020

### ASSETS

	2021	2020
Cash	\$ 1,125,705	\$ 1,113,997
Contributions receivable, net	697,621	751,264
Related party receivable	17,694	21,496
Notes receivable	2,572,548	2,314,493
Other receivables	275,306	237,003
Investments	19,114,723	16,712,257
Cash surrender value of life insurance	138,098	130,201
Property held as an investment, net	359,452	374,053
Property and equipment, net	1,381,013	1,417,532
Beneficial interest in perpetual trusts	474,804	465,624
Prepaid expenses and other assets	86,116	120,784
	\$ 26,243,080	\$ 23,658,704

### LIABILITIES AND NET ASSETS

Liabilities		
Line of credit	\$ 7,000,000	\$ 6,500,000
Accounts payable, other payables and accrued expenses	360,869	190,188
Deferred revenue	444,875	399,075
Mortgage payable	309,577	322,900
Customer deposits	73,421	66,975
Total liabilities	8,188,742	7,479,138
Net assets		
Without donor restrictions		
Undesignated	1,009,332	1,211,629
Board designated - Finance Engine	(5,337,567)	(3,869,609)
	(4,328,235)	(2,657,980)
With donor restrictions		
Time and purpose	20,819,853	17,380,377
Perpetual	1,562,720	1,457,169
	22,382,573	18,837,546
Total net assets	18,054,338	16,179,566
	\$ 26,243,080	\$ 23,658,704

*See accompanying notes to consolidated financial statements.*

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2021

(With Comparative Total for the Year Ended December 31, 2020)

	2021				2020
	Without	With Donor Restrictions		Total	Total
	Donor Restrictions	Time and Purpose	Perpetual		
<b>Support and revenues</b>					
Member support and other contributions	\$ 781,602	\$ 2,091,384	\$ -0-	\$ 2,872,986	\$ 1,986,717
Endowed operating fund grant	18,692	-0-	-0-	18,692	19,334
PPP grant income	249,728	-0-	-0-	249,728	232,854
Investment return, net	241,312	3,044,427	84,447	3,370,186	281,815
Change in beneficial interest in perpetual trusts	-0-	-0-	9,180	9,180	10,642
Change in value of gift annuity	1,937	-0-	-0-	1,937	2,133
Interest income on notes receivable	10,022	89,708	35,009	134,739	132,913
Rental income	151,163	-0-	-0-	151,163	160,128
Increase (decrease) in cash value of life insurance	7,897	-0-	-0-	7,897	(58,881)
Events revenue	444,568	-0-	-0-	444,568	269,874
Net assets released from restrictions	<u>1,809,128</u>	<u>(1,786,043)</u>	<u>(23,085)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenues	3,716,049	3,439,476	105,551	7,261,076	3,037,529
<b>Expenses</b>					
Programs	2,563,928	-0-	-0-	2,563,928	2,732,392
Management and general	1,948,437	-0-	-0-	1,948,437	1,370,520
Fundraising	<u>873,939</u>	<u>-0-</u>	<u>-0-</u>	<u>873,939</u>	<u>1,021,088</u>
Total expenses	<u>5,386,304</u>	<u>-0-</u>	<u>-0-</u>	<u>5,386,304</u>	<u>5,124,000</u>
<b>Change in net assets</b>	(1,670,255)	3,439,476	105,551	1,874,772	(2,086,471)
<b>Net assets, beginning of year</b>	<u>(2,657,980)</u>	<u>17,380,377</u>	<u>1,457,169</u>	<u>16,179,566</u>	<u>18,266,037</u>
<b>Net assets, end of year</b>	<u>\$ (4,328,235)</u>	<u>\$ 20,819,853</u>	<u>\$ 1,562,720</u>	<u>\$ 18,054,338</u>	<u>\$ 16,179,566</u>

*See accompanying notes to consolidated financial statements.*

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2020

	Without	With Donor Restrictions		Total
	Donor Restrictions	Time and Purpose	Perpetual	
<b>Support and revenues</b>				
Member support and other contributions	\$ 658,492	\$ 1,324,625	\$ 3,600	\$ 1,986,717
Endowed operating fund grant	19,334	-0-	-0-	19,334
PPP grant income	232,854	-0-	-0-	232,854
Investment return, net	(467,121)	724,700	24,236	281,815
Change in beneficial interest in perpetual trusts	-0-	-0-	10,642	10,642
Change in value of gift annuity	2,133	-0-	-0-	2,133
Interest income on notes receivable	13,643	84,522	34,748	132,913
Rental income	160,128	-0-	-0-	160,128
Decrease in cash value of life insurance	(58,881)	-0-	-0-	(58,881)
Events revenue	269,874	-0-	-0-	269,874
Transfers	-0-	(22,500)	22,500	-0-
Net assets released from restrictions	<u>2,406,977</u>	<u>(2,385,854)</u>	<u>(21,123)</u>	<u>-0-</u>
Total support and revenues	3,237,433	(274,507)	74,603	3,037,529
<b>Expenses</b>				
Programs	2,732,392	-0-	-0-	2,732,392
Management and general	1,370,520	-0-	-0-	1,370,520
Fundraising	<u>1,021,088</u>	<u>-0-</u>	<u>-0-</u>	<u>1,021,088</u>
Total expenses	<u>5,124,000</u>	<u>-0-</u>	<u>-0-</u>	<u>5,124,000</u>
<b>Change in net assets</b>	(1,886,567)	(274,507)	74,603	(2,086,471)
<b>Net assets, beginning of year</b>	<u>(771,413)</u>	<u>17,654,884</u>	<u>1,382,566</u>	<u>18,266,037</u>
<b>Net assets, end of year</b>	<u>\$ (2,657,980)</u>	<u>\$ 17,380,377</u>	<u>\$ 1,457,169</u>	<u>\$ 16,179,566</u>

*See accompanying notes to consolidated financial statements.*



# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

(With Comparative Total for the Year Ended December 31, 2020)

	2021			2020	
	Programs	Management and General	Fundraising	Total	Total
Grants, fellowships, and scholarships	\$ 333,205	\$ -0-	\$ -0-	\$ 333,205	\$ 400,854
Educational area grants	917,394	-0-	-0-	917,394	1,280,906
Endowed operating fund grant	-0-	18,692	-0-	18,692	19,334
Salaries, wages, taxes, and benefits	455,295	365,126	548,376	1,368,797	1,377,206
Travel, lodging, meals and entertainment	9,110	19,351	23,598	52,059	216,035
Conferences and professional development	604	1,285	455	2,344	5,578
Professional services (accounting, legal, consulting, etc.)	70,220	75,170	28,670	174,060	224,494
Supplies	466	11,476	695	12,637	8,491
Dues, licenses and subscriptions	3,460	11,283	47,349	62,092	25,157
Postage and delivery	2,426	5,632	20,347	28,405	23,123
Advertising, creative, printing, and reproduction	7,548	14,417	60,060	82,025	90,446
Depreciation	82,223	54,510	21,272	158,005	160,412
Mortgage interest, banking and financial fees	24,012	135,114	154	159,280	193,311
Property and liability insurance	-0-	25,815	-0-	25,815	30,039
Utilities	20,033	19,101	7,454	46,588	39,724
Maintenance and repairs	32,589	31,074	12,126	75,789	86,493
Facility services	46,409	44,250	17,268	107,927	73,900
Equipment rental	1,608	4,545	1,608	7,761	15,358
Vehicle insurance, maintenance and repairs	673	706	(3,944)	(2,565)	45,752
Bad debt expense	-0-	-0-	85,789	85,789	75,880
In-kind expense	-0-	19,200	-0-	19,200	22,535
Taxes on investment income/loss	-0-	154,150	-0-	154,150	38,264
Chapter development services expenses	94,879	-0-	-0-	94,879	7,670
Loss on disposal of property and equipment	-0-	-0-	-0-	-0-	10,376
Total expenses before gifted policy insurance premiums	<u>2,102,154</u>	<u>1,010,897</u>	<u>871,277</u>	<u>3,984,328</u>	<u>4,471,338</u>
Gifted policy insurance premiums	<u>461,774</u>	<u>937,540</u>	<u>2,662</u>	<u>1,401,976</u>	<u>652,662</u>
Total expenses	<u>\$ 2,563,928</u>	<u>\$ 1,948,437</u>	<u>\$ 873,939</u>	<u>\$ 5,386,304</u>	<u>\$ 5,124,000</u>

*See accompanying notes to consolidated financial statements.*

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2020

	Programs	Management and General	Fundraising	Total
Grants, fellowships, and scholarships	\$ 400,854	\$ -0-	\$ -0-	\$ 400,854
Educational area grants	1,280,906	-0-	-0-	1,280,906
Endowed operating fund grant	-0-	19,334	-0-	19,334
Salaries, wages, taxes, and benefits	350,987	336,586	689,633	1,377,206
Travel, lodging, meals and entertainment	163,535	25,295	27,205	216,035
Conferences and professional development	1,413	2,907	1,258	5,578
Professional services (accounting, legal, consulting, etc.)	94,911	95,866	33,717	224,494
Supplies	1,381	6,917	193	8,491
Dues, licenses and subscriptions	1,578	11,508	12,071	25,157
Postage and delivery	2,096	6,163	14,864	23,123
Advertising, creative, printing, and reproduction	13,987	7,331	69,128	90,446
Depreciation	83,476	55,340	21,596	160,412
Mortgage interest, banking and financial fees	21,449	171,862	-0-	193,311
Property and liability insurance	-0-	30,039	-0-	30,039
Utilities	17,097	16,265	6,362	39,724
Maintenance and repairs	37,192	35,462	13,839	86,493
Facility services	31,777	30,299	11,824	73,900
Equipment rental	3,121	8,567	3,670	15,358
Vehicle insurance, maintenance and repairs	5,937	2,629	37,186	45,752
Bad debt expense	-0-	-0-	75,880	75,880
In-kind expense	335	22,200	-0-	22,535
Taxes on investment income/loss	-0-	38,264	-0-	38,264
Chapter development services expenses	7,670	-0-	-0-	7,670
Loss on disposal of property and equipment	-0-	10,376	-0-	10,376
Total expenses before gifted policy insurance premiums	2,519,702	933,210	1,018,426	4,471,338
Gifted policy insurance premiums	212,690	437,310	2,662	652,662
Total expenses	\$ 2,732,392	\$ 1,370,520	\$ 1,021,088	\$ 5,124,000

*See accompanying notes to consolidated financial statements.*

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
<b>Operating activities</b>		
Change in net assets	\$ 1,874,772	\$ (2,086,471)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized and unrealized (gains) losses on investments, net	(2,366,449)	37,374
Bad debt expense	85,789	75,880
Depreciation	158,005	160,412
Loss on disposal of property and equipment	-0-	10,376
Change in cash surrender value of life insurance	(7,897)	58,881
Change in beneficial interest in perpetual trusts	(9,180)	(10,642)
Investment in life insurance premium	1,399,314	650,000
Changes in assets and liabilities:		
Contributions receivable	(32,146)	(16,176)
Related party receivable	3,802	(6,558)
Other receivables	(38,303)	(65,585)
Prepaid expenses and other assets	34,668	24,042
Accounts payable, other payables and accrued expenses	170,681	19,540
Deferred revenue	45,800	67,919
Customer deposits	6,446	10,081
Net cash flows from operating activities	1,325,302	(1,070,927)
<b>Investing activities</b>		
Purchase of investments	(2,998,814)	(1,582,174)
Proceeds from sales and maturities of investments	2,962,797	2,919,895
Life insurance premium paid on investment contract	(1,399,314)	(650,000)
Purchase of property and equipment	(106,885)	(45,747)
Proceeds from sale of property and equipment, net	-0-	100,000
Payments received on notes receivable	91,945	74,645
Advances on notes receivable	(350,000)	-0-
Net cash flows from investing activities	(1,800,271)	816,619
<b>Financing activities</b>		
Net borrowings under line of credit	500,000	-0-
Payments on mortgage	(13,323)	(12,487)
Net cash flows from financing activities	486,677	(12,487)
Net change in cash	11,708	(266,795)
<b>Cash, beginning of year</b>	1,113,997	1,380,792
<b>Cash, end of year</b>	\$ 1,125,705	\$ 1,113,997
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ 115,596	\$ 143,468
Cash paid for income taxes, net	\$ 4,837	\$ -0-

*See accompanying notes to consolidated financial statements.*

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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### 1. NATURE OF ACTIVITIES AND PRINCIPLES OF CONSOLIDATION

The Endowment Fund of the Phi Kappa Psi Fraternity (d/b/a Phi Kappa Psi Foundation; Phi Psi Foundation) (individually and collectively referred to as the Foundation) is a not-for-profit organization whose mission and principal activities are to foster the development of leaders and to promote academic excellence in higher education by providing students with scholarships and awards and by supporting educational projects and programs for their benefit. The Foundation's support and revenues are derived principally from contributions and investment returns.

These consolidated financial statements include the accounts of the Foundation and its subsidiaries, PKP McMahan Finance Engine, LLC, Property Preservation LLC, Oneonta-Maple, LLC, Hammer Street Properties, LLC, and Nelson Leadership Institute, LLC.

PKP McMahan Finance Engine, LLC (the Finance Engine) is a single member LLC owned by the Foundation. The Finance Engine was formed to receive and maintain gifts of life insurance.

Property Preservation, LLC is a single member LLC owned by the Foundation. Oneonta-Maple, LLC and Hammer Street Properties, LLC are single member LLCs owned by Property Preservation, LLC. These limited liability companies own properties occupied by house corporations of the Phi Kappa Psi Fraternity, Inc. (the Fraternity) and are held as investments. During 2021, Oneonta-Maple, LLC was dissolved, and all remaining assets were transferred to Property Preservation, LLC.

Nelson Leadership Institute, LLC (the Institute) is a single member LLC owned by the Foundation. The Institute was formed to provide dynamic leadership training and education to empower, develop and affirm undergraduate members of the Fraternity in their quest to become ethical, mission-driven leaders of influence and high moral character.

All intercompany transactions have been eliminated in consolidation.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The consolidated financial statements report net assets and changes in net assets based upon the existence or absence of restrictions on use that are placed by the Foundation's donors, as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into the course of its operations.

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Included in this classification are endowment funds, which are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity, and invested for the purpose of producing present and future income, with investment return available for operations or specific purposes.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated statements of activities by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or the contribution of those assets directly) are reported as net assets with donor restrictions until the funds have been expended on the specified asset and the asset has been placed in service, unless the donor provides more specific directions about the period of its use.

### Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

The Foundation considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents, but excludes cash and cash equivalents held by fund managers which are included in investments. There are no cash equivalents at December 31, 2021 and 2020.

### Contributions Receivable

Contributions receivable consist of amounts that have been unconditionally promised to the Foundation. Contributions receivable are initially recorded at fair value based on estimated future cash flows of the unconditional pledges and are reported net of an allowance for uncollectible amounts and net of the discount to present value.

Contributions receivable were discounted to present value using the United States Treasury Bill rates with maturities commensurate to the time period of expected collection of the contributions. During the years ended December 31, 2021 and 2020, rates used ranged from 0.17% to 0.96%. Amortization of the resulting discount is recognized as additional contribution income.

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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Management estimates an allowance for uncollectible contributions receivable based on an evaluation of current economic conditions, historical trends, and current and past experience with their donor base.

### Notes Receivable

Notes receivable represent outstanding mortgages receivable from various house corporations. These notes can be borrowed from the Foundation's undesignated fund or from restricted chapter funds in accordance with signed fund agreement terms, as applicable. Notes receivable are reported at their carrying value. No allowance for doubtful accounts has been recorded against these loans based on their collateralization and prior collection history. Interest income related to notes receivable is recorded as an increase in net assets without donor restrictions unless funds were borrowed from donor restricted funds, in which case income is recorded as an increase in net assets with donor restrictions.

### Investments and Investment Return

Investments are reported at fair value for financial reporting purposes. Investment return includes interest, dividends, and realized and unrealized gains and losses. Changes in unrealized appreciation or depreciation of investments are recorded in the period such changes occur. Realized gains and losses are recorded based on the cost of the specific securities sold. Interest and dividend income is recorded when earned.

Investment return is recorded as increases and decreases in net assets without donor restrictions unless its use is restricted by donors to a specified purpose or future period. Investment return is allocated to funds (endowment and non-endowment) based upon the percentage relationship of each fund's quarterly investment balance to the aggregate investment balances for all funds.

### Cash Surrender Value of Life Insurance

Donated life insurance policies that are owned by the Foundation have been presented at their realizable value, net of surrender charges.

### Property and Equipment (and Property Held as an Investment)

The Foundation capitalizes at cost all significant purchases of property and equipment, including expenditures that substantially increase the useful lives of existing assets. Costs of ordinary maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives, which range from 3 to 25 years.

### Accounting for Member Support and Other Contributions and Revenue Recognition

Contributions (member support), which include contributions receivable, are recognized as support in the period when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributed investments are recorded at the fair value of each investment on the date it is received. Conditional promises to give – that is,

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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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 met.

All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Events revenue related to Laurel Hall rentals is deferred (contract liabilities) and included in deferred revenue until the period in which the event is conducted. These contract liabilities had a balance at December 31, 2021 and 2020 and January 1, 2020 of \$444,875, \$399,075 and \$331,156, respectively.

Customer deposits represent damage deposits related to Laurel Hall event revenue and are expected to be returned at the completion of an event.

### Functional Allocation of Expenses

The costs of providing the programs and services of the Foundation have been summarized on a functional basis in the consolidated statements of activities and consolidated statements of functional expenses. Certain costs have been allocated among the programs and supporting services categories based on actual direct expenditures and cost allocations based upon estimates of time spent by Foundation personnel. Expenses allocated include salaries, wages, taxes, and benefits, depreciation and facility services, travel, lodging, meals and entertainment, and other overhead expenses. Although the method used was appropriate, other methods could produce different results.

### Income Taxes

The Foundation is organized as a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code and similar state law. The single member LLCs are exempt as programs under the Foundation's not-for-profit exemption and are included in the income tax filings of the Foundation. The exemption is on all income except unrelated business income. An unrelated trade or business of an exempt organization is any trade or business which is not substantially related to the exercise or performance of its exempt purpose. Certain investment income is considered unrelated business income.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of December 31, 2021 and 2020,

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Foundation has filed its federal and state income tax returns for periods through December 31, 2020. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

### Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This new standard, which the Foundation is required to adopt during its year ending December 31, 2022, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This new standard is intended to increase transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit (NFP) organizations, including information on how those assets are used and how they are valued. This new standard requires that an NFP present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash or other financial assets. In addition, there are expanded disclosure requirements. The Foundation will be required to adopt this new standard in its year ending December 31, 2022.

The Foundation is presently evaluating the effects that these ASUs will have on its future consolidated financial statements, including related disclosures.

### Reclassifications

Certain amounts from 2020 have been reclassified herein in order to conform to the 2021 presentation. These reclassifications had no effect on total assets, the change in net assets, or net cash flows.

### Subsequent Events

The Foundation evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through May 26, 2022, which is the date the consolidated financial statements were available to be issued.



# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

### 3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at December 31:

	2021	2020
Time and purpose	\$ 786,946	\$ 823,935
Endowment	4,500	14,400
	<u>791,446</u>	<u>838,335</u>
Less unamortized discount	(14,575)	(3,238)
Less allowance for uncollectible contributions	<u>(79,250)</u>	<u>(83,833)</u>
Contributions receivable, net	<u>\$ 697,621</u>	<u>\$ 751,264</u>
Amounts due in:		
Due within one year	\$ 384,446	\$ 275,410
Due in one to five years	370,873	521,945
Due in more than five years	<u>36,127</u>	<u>40,980</u>
	<u>\$ 791,446</u>	<u>\$ 838,335</u>

### 4. NOTES RECEIVABLE

Notes receivable have an outstanding balance of \$2,572,548 and \$2,314,493 at December 31, 2021 and 2020, respectively. The notes accrue interest at rates ranging from 4.50% to 6.00% and have terms ranging from 20 to 33 years.

### 5. INVESTMENTS

Investments consist of the following at December 31:

	2021	2020
Money market mutual funds	\$ 43,951	\$ 803,255
U.S. Treasury obligations	1,023,717	288,288
Common stock and other equity securities	5,327	-0-
Mutual funds	16,384,567	11,783,106
Cash	536,208	-0-
Certificates of deposit	320,341	2,500,430
Hedge fund - Gas and oil royalty fund	<u>800,612</u>	<u>1,337,178</u>
	<u>\$ 19,114,723</u>	<u>\$ 16,712,257</u>

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

At December 31, 2021 and 2020 one investment account with a balance of \$17,755,908 and \$14,589,148, respectively, serves as collateral for the Foundation's line of credit (Note 9).

The following schedule summarizes investment return for the years ended December 31:

	2021	2020
Interest and dividend income	\$ 1,035,926	\$ 346,234
Realized gains on sale of investments, net	443,750	381,622
Unrealized gains (losses) on investments, net	1,922,699	(418,996)
Investment fees	(32,189)	(27,045)
	<u>\$ 3,370,186</u>	<u>\$ 281,815</u>

### 6. PROPERTY HELD AS AN INVESTMENT

Property held as an investment consists of the following at December 31:

	2021	2020
Land, buildings and improvements	\$ 559,000	\$ 559,000
Accumulated depreciation	(199,548)	(184,947)
	<u>\$ 359,452</u>	<u>\$ 374,053</u>

Property Preservation, LLC is the sole member of two limited liability companies (one which was dissolved during 2021) that owns and actively rent properties. The properties are occupied by house corporations. One property was sold during the year ended December 31, 2020. The other property has a mortgage payable (Note 10). The remaining property is being depreciated using the straight-line method over 25 years.

### 7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2021	2020
Land, buildings and improvements	\$ 3,263,396	\$ 3,159,292
Furnishings and equipment	470,944	515,820
Antiques and works of art	113,951	113,951
	3,848,291	3,789,063
Accumulated depreciation	(2,467,278)	(2,371,531)
	<u>\$ 1,381,013</u>	<u>\$ 1,417,532</u>

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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### 8. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Foundation is the irrevocable beneficiary of a portion of the income earned on the assets held by two perpetual trusts. The estimated present value of future cash flows of one is \$458,000 and \$451,000 at December 31, 2021 and 2020, respectively. The other trust is valued at the fair market value of the underlying assets as reported by the trustee, which was \$16,804 and \$14,624 at December 31, 2021 and 2020, respectively.

### 9. LINE OF CREDIT

In March 2016, the Finance Engine obtained a line of credit that provided maximum borrowings of \$4,000,000 at an interest rate of prime minus 1.75% through March 2020. The line was renewed during 2019 to increase the maximum available borrowings to \$8,000,000, and to extend interest only payments through November 2024. During 2021, the line was again renewed to increase the maximum available borrowings to \$10,000,000. Under terms of this agreement, the line of credit bears interest at a rate of prime minus 1.75% (1.5% at December 31, 2021) and requires interest only payments through August 2023. The line of credit is secured by an investment account held by the Foundation, with a balance of \$17,755,908 and \$14,589,148 at December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, the outstanding balance on the line of credit is \$7,000,000 and \$6,500,000, respectively.

Cumulatively, the Finance Engine has gifted \$5,500,000 of proceeds from the line of credit to the Foundation and loaned \$1,000,000 to the Institute. This activity is eliminated in consolidation.

### 10. MORTGAGE PAYABLE

Hammer Street Properties, LLC has a mortgage payable requiring monthly payments of \$2,827 including interest at 6.5% through March 2036. The balances outstanding on the mortgage at December 31, 2021 and 2020 are \$309,577 and \$322,900, respectively. The net book value of the property securing the mortgage is \$359,452 and \$374,053 at December 31, 2021 and 2020, respectively.

Scheduled maturities of the mortgage payable are as follows as of December 31, 2021:

Year Ending December 31,	
2022	\$ 13,875
2023	14,805
2024	15,796
2025	16,854
2026	17,983
Thereafter	<u>230,264</u>
	<u>\$ 309,577</u>

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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### 11. PAYCHECK PROTECTION PROGRAM

In April 2020, the Foundation received a low interest loan in the amount of \$232,854 under the Paycheck Protection Program (PPP) administered by the U.S. Small Business Administration (SBA). The PPP loan was unsecured, bore interest at 1% and funds advanced under the program were subject to forgiveness, if certain criteria are met, with the remaining balance repayable up to five years after disbursement. The PPP loan may be forgivable to the extent that employers incur and spend the funds on qualified expenditures, which include payroll, employee health insurance, rent, utilities and interest costs during the covered period as defined by the PPP guidance. In addition, employers must maintain specified employment and wage levels during the pandemic, and submit adequate documentation of such expenditures to qualify for loan forgiveness.

On February 4, 2021, the Foundation was released from its creditor and notified by the SBA its loan had been forgiven. The total loan amount of \$232,854 was noted as PPP grant income on the consolidated statement of activities for the year ended December 31, 2020 based on qualifying expenses being incurred and the aforementioned conditions being substantially met during the year, as the Foundation utilized the grant accounting model.

On March 16, 2021, the Foundation received a second low interest loan in the amount of \$249,728 under the PPP administered by the SBA. The PPP loan was unsecured, bore interest at 1% and funds advanced under the program were subject to forgiveness, if certain criteria are met, with the remaining balance repayable up to five years after disbursement. The PPP loan may be forgivable to the extent that employers incur and spend the funds on qualified expenditures, which include payroll, employee health insurance, rent, utilities and interest costs during the covered period as defined by the PPP guidance. In addition, employers must maintain specified employment and wage levels during the pandemic, and submit adequate documentation of such expenditures to qualify for loan forgiveness.

On November 30, 2021, the Foundation was released from its creditor and notified its loan had been forgiven. The total loan amount of \$249,728 was noted as PPP grant income on the consolidated statement of activities for the year ended December 31, 2021 based on qualifying expenses being incurred and the aforementioned conditions being substantially met during the year, as the Foundation utilized the grant accounting model.

### 12. NET ASSETS

#### Net Assets Without Donor Restrictions - Board Designated

Included in net assets without donor restrictions are funds which have been designated by the Board of Trustees related to the Foundation's investment in the Finance Engine. Board designated net assets have a balance of (\$5,337,567) and (\$3,869,609) at December 31, 2021 and 2020, respectively.

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

### Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods at December 31:

	<u>2021</u>	<u>2020</u>
Time restricted		
Contributions receivable	\$ 100,419	\$ 94,321
Purpose restricted		
Chapter specific funds and donor named funds	20,245,670	16,871,984
Ruth Lilly Fund (Laurel Hall Operating Fund)	<u>473,764</u>	<u>414,072</u>
	<u>20,719,434</u>	<u>17,286,056</u>
Total time and purpose restricted	20,819,853	17,380,377
Perpetual		
Beneficial interest in perpetual trusts	474,804	465,624
Endowment		
Scholarships and grants	<u>1,087,916</u>	<u>991,545</u>
Total perpetual	<u>1,562,720</u>	<u>1,457,169</u>
	<u>\$ 22,382,573</u>	<u>\$ 18,837,546</u>

### Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by appropriation by the Board of Trustees related to the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Scholarships, grants and program expenses	\$ 1,426,667	\$ 2,095,023
Administrative fees	<u>382,461</u>	<u>311,954</u>
	<u>\$ 1,809,128</u>	<u>\$ 2,406,977</u>

## 13. ENDOWMENT

The Foundation's endowment consists of donor-restricted funds. The donor-restricted endowment funds have been established to support scholarships and grants. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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### Interpretation of Relevant Law

The Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Trustees has interpreted SPMIFA as not requiring the preservation of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of the interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measure required under the law. Additionally, in accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Foundation
- 7) The investment policies of the Foundation

### Underwater Endowment Funds

From time to time, due to unfavorable market conditions, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies at December 31, 2021 and 2020.

### Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for assets held for endowment that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment investments are invested in a

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

manner that is intended to produce a total return which protects the purchasing power of the endowment investments and which allows spending under the terms of each endowment fund.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation, as it relates to its endowment investments, targets a diversified asset allocation that places emphasis on equity and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy for its endowment funds of appropriating for distribution each year 4.5% of the endowment fund's rolling five year quarterly market value average for scholarships and grants with the exception of endowed funds governed by specific gift agreements. In establishing this policy, the Foundation considered the long-term expected return on its assets held for endowment. The Foundation's objective is to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

The composition of endowment net assets is as follows at December 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -0-	\$ 782,638	\$ 782,638
Accumulated investment gains	<u>-0-</u>	<u>305,278</u>	<u>305,278</u>
	<u>\$ -0-</u>	<u>\$ 1,087,916</u>	<u>\$ 1,087,916</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -0-	\$ 809,273	\$ 809,273
Accumulated investment gains	<u>-0-</u>	<u>182,272</u>	<u>182,272</u>
	<u>\$ -0-</u>	<u>\$ 991,545</u>	<u>\$ 991,545</u>

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

The change in endowment net assets is as follows for the years ended December 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -0-	\$ 991,545	\$ 991,545
Investment return, net	-0-	119,456	119,456
Distributions	-0-	(23,085)	(23,085)
Endowment net assets, end of year	<u>\$ -0-</u>	<u>\$ 1,087,916</u>	<u>\$ 1,087,916</u>

  

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -0-	\$ 927,584	\$ 927,584
Contributions	-0-	3,600	3,600
Investment return, net	-0-	58,984	58,984
Transfers	-0-	22,500	22,500
Distributions	-0-	(21,123)	(21,123)
Endowment net assets, end of year	<u>\$ -0-</u>	<u>\$ 991,545</u>	<u>\$ 991,545</u>

### 14. 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy 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 Foundation 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; 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.



# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of 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 methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

- *Money market mutual funds:* Generally transact subscription and redemption activity at a \$1 stable net asset value (NAV), however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
- *U.S. Treasury obligations:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- *Common stock and other equity securities:* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.
- *Hedge fund:* Valued at the NAV of units of the fund as provided by the external investment managers. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities and is used as the practical expedient to fair value. Due to the nature of the investments held by the fund, changes in market conditions and the economic environment may significantly impact the NAV of the fund and, consequently, the fair value of the Foundation's interests in the fund. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported NAV. It is therefore reasonably possible that if the Foundation were to sell these investments in the secondary market, a buyer may require a discount to the reported NAV, and the discount could be significant.
- *Beneficial interest in perpetual trusts:* The Foundation has an interest in two trusts. One is valued based on the estimated present value of the future cash flows of the interest. For the second, the fair value determination is based on the underlying assets, as reported by the trustee, held within the trust, substantially all of which are valued on a mark-to-market basis.

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are 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 different fair value measurements at the reporting date.

The following tables segregate all financial assets measured at fair value into the most appropriate level within the fair value hierarchy as of December 31:

	2021			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market mutual funds	\$ -0-	\$ 43,951	\$ -0-	\$ 43,951
U.S. Treasury obligations	-0-	1,023,717	-0-	1,023,717
Common stock and other equity securities	5,327	-0-	-0-	5,327
Mutual funds				
Equity				
Large value	1,234,789	-0-	-0-	1,234,789
Large blend	4,295,362	-0-	-0-	4,295,362
Mid cap	1,306,049	-0-	-0-	1,306,049
Small cap	4,668,065	-0-	-0-	4,668,065
International	1,440,768	-0-	-0-	1,440,768
Alternative strategies	-0-	-0-	-0-	-0-
Fixed income	1,316,336	-0-	-0-	1,316,336
Non traditional assets				
Other	2,123,198	-0-	-0-	2,123,198
	<u>16,384,567</u>	<u>-0-</u>	<u>-0-</u>	<u>16,384,567</u>
Total investments in the fair value hierarchy	<u>\$ 16,389,894</u>	<u>\$ 1,067,668</u>	<u>\$ -0-</u>	17,457,562
Cash				536,208
Certificates of deposit				320,341
Hedge fund				
Gas and oil royalty fund (a)				<u>800,612</u>
Total investments				<u>\$ 19,114,723</u>
Beneficial interest in perpetual trusts	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 474,804</u>	<u>\$ 474,804</u>

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

	2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market mutual funds	\$ -0-	\$ 803,255	\$ -0-	\$ 803,255
U.S. Treasury obligations	-0-	288,288	-0-	288,288
Mutual funds				
Equity				
Large value	992,535	-0-	-0-	992,535
Large blend	3,319,029	-0-	-0-	3,319,029
Mid cap	935,242	-0-	-0-	935,242
Small cap	3,554,318	-0-	-0-	3,554,318
International	1,126,193	-0-	-0-	1,126,193
Alternative strategies	1,855,789	-0-	-0-	1,855,789
	11,783,106	-0-	-0-	11,783,106
Total investments in the fair value hierarchy	\$ 11,783,106	\$ 1,091,543	\$ -0-	12,874,649
Certificates of deposit				2,500,430
Hedge fund				
Gas and oil royalty fund (a)				1,337,178
Total investments				\$ 16,712,257
Beneficial interest in perpetual trusts	\$ -0-	\$ -0-	\$ 465,624	\$ 465,624

(a) In accordance with FASB ASC Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts present in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented at fair value in the consolidated statements of financial position.

The following table sets forth the change in beneficial interest in perpetual trusts measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31:

	2021	2020
Balance, beginning of year	\$ 465,624	\$ 454,982
Change in value for the year	9,180	10,642
Balance, end of year	\$ 474,804	\$ 465,624

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

The following table summarizes investments measured at fair value based on the net asset value (NAV) per share as of December 31, 2021 and 2020:

December 31, 2021	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Gas and oil royalty fund	\$ 800,612	None	Semi-annually	Monthly
December 31, 2020	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Gas and oil royalty fund	\$ 1,337,178	None	Semi-annually	Monthly

### 15. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund specific purposes. In addition, the Foundation receives significant support without donor restrictions that is available to fund general expenditures as well as program services costs.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide flexibility to respond to changing needs, as well as to provide reasonable assurance that long-term grant commitments and obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

The following table reflects the Foundation's financial assets, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statement of financial position date; that is, amounts that are without board designations or other restrictions limiting their use at December 31:

	2021	2020
Cash	\$ 1,125,705	\$ 1,113,997
Contributions receivable, net	697,621	751,264
Related party receivable	17,694	21,496
Notes receivable	2,572,548	2,314,493
Other receivables	275,306	237,003
Investments	19,114,723	16,712,257
Cash surrender value of life insurance	138,098	130,201
Beneficial interest in perpetual trusts	<u>474,804</u>	<u>465,624</u>
Total financial assets	24,416,499	21,746,335
Notes receivable due beyond one year	(197,053)	(215,259)
Cash surrender value of life insurance	(138,098)	(130,201)
Net assets with donor restrictions		
Time and purpose restricted	(20,819,853)	(17,380,377)
Perpetual	<u>(1,562,720)</u>	<u>(1,457,169)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,698,775</u>	<u>\$ 2,563,329</u>

Net assets with donor restrictions are not available for general expenditure. As described in Note 13, the endowment funds have specific spending policies based on the balances of the endowment funds.

As part of the Foundation's liquidity management plan, amounts remain in investments until they are required to be transferred to the Foundation's operating bank account to meet operating expenses.

### 16. AFFILIATED AND SUBSIDIARY ORGANIZATION TRANSACTIONS

The Foundation and the Phi Kappa Psi Fraternity, Inc. (the Fraternity) are related parties that are not financially interrelated organizations. Because the organizations have separate boards, funding, goals and objectives, the accounts of the Fraternity have not been consolidated with the Foundation in the accompanying financial statements.

The significant transactions and balances between the affiliated and subsidiary organizations are as follows for the years ended December 31, 2021 and 2020.

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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During 2020, the Foundation granted \$450 to the Fraternity for educational purposes. Grants are paid when proper documentation is received and approved. No such grants were awarded to the Fraternity during 2021.

The Foundation and the Fraternity share office space in the national headquarters building owned by the Foundation and each is responsible for their proportionate share of certain operating costs.

The Foundation leases office space to the Fraternity under an agreement which began January 1, 2006 and was extended through December 31, 2025. The Foundation recognized rental income for the years ended December 31, 2021 and 2020 from the Fraternity of \$108,844 and \$107,384, respectively.

Future minimum lease payments due from the Fraternity under its lease agreement are as follows as of December 31, 2021:

Year Ending December 31,	
2022	\$ 110,305
2023	111,766
2024	113,227
2025	<u>114,687</u>
	<u>\$ 449,985</u>

The Fraternity reimbursed the Foundation \$136,057 and \$119,234 during the years ended December 31, 2021 and 2020, respectively, for its proportionate share of personnel costs, janitorial services, voice and data usage, IT services, and other operating expenses.

Accounts receivable of \$17,694 and \$21,496 are due from the Fraternity at December 31, 2021 and 2020, respectively.

The Finance Engine is owner and beneficiary of a \$33,000,000 life insurance policy on a board trustee. The policy and gift agreement provide that the proceeds are to be disbursed as follows: \$6 million to the Institute, \$2 million among all existing Foundation Chapter Scholarship Funds, \$2 million for educational spaces within Phi Kappa Psi facilities, \$9.9 million retained by the Finance Engine and the remaining \$13.1 million to the unrestricted funds of the Foundation. The policy required annual premium payments of approximately \$1,200,000 through 2016. There is no cash surrender value associated with this policy at December 31, 2021 or 2020.

The Finance Engine is the owner and beneficiary of a \$23,000,000 life insurance policy on two board trustees (one of whom passed away in 2017). The policy and gift agreement provide that the proceeds are to be disbursed as follows: \$3 million to a named beneficiary, \$6.9 million retained by the Finance Engine and the remaining \$13.1 million to the unrestricted funds of the Foundation. The policy, according to the current in-force illustration, requires fluctuating annual

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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premium payments, which amounted to \$1,399,314 and \$650,000 at December 31, 2021 and 2020, respectively. The policy had no cash surrender value at December 31, 2021 and 2020.

### 17. RETIREMENT PLAN

The Foundation offers a 401(k) retirement plan for all eligible employees who have satisfied the conditions for participation. Employee contributions may be made to the plan up to statutory limits. The Foundation matches employee contributions 100% up to 6% of pay and also offers discretionary profit-sharing contributions. The Foundation's contributions for 2021 and 2020 were \$57,123 and \$57,029, respectively.

### 18. OPERATING LEASES

The Foundation leases equipment and software under operating leases with expiration dates through July 2026. The Foundation leases various vehicles under operating leases with expiration dates in June 2022. Total lease expense aggregated \$28,030 and \$59,772 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments are as follows as of December 31:

Year Ending December 31,	
2022	\$ 14,468
2023	9,411
2024	9,411
2025	9,411
2026	<u>2,644</u>
	<u>\$ 45,345</u>

### 19. INCOME TAXES

The Foundation is partially exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and similar state law. However, income generated from certain activities not directly related to the Foundation's tax-exempt purposes is subject to taxation as unrelated business income. In 2021 and 2020, the Foundation had investment income that is subject to federal and state income tax. The Foundation is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code.

Deferred income taxes arise from temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. The principal temporary differences relate to unrealized gains and losses on debt-financed investments.

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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Income tax expense is as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Federal	\$ 34,218	\$ 6,991
State	<u>8,643</u>	<u>1,806</u>
	42,861	8,797
Deferred tax	<u>111,289</u>	<u>29,467</u>
	<u>\$ 154,150</u>	<u>\$ 38,264</u>

### 20. RISKS AND UNCERTAINTIES

The Foundation's investments (Note 5) and beneficial interest in perpetual trusts (Note 8) are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with these assets and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

### 21. CONTINGENCIES

Various claims could arise against the Foundation in the normal course of business. However, management believes their insurance coverage is sufficient to pay liabilities, if any. No amounts related to legal issues, litigation or contingencies were recorded in these consolidated financial statements.

In March 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Foundation's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Impacts include, but are not limited to, additional costs for responding to COVID-19, shortages of personnel, shortages of supplies, delays, loss of, or reduction to revenues, contributions and funding, and investment portfolio declines. Management believes the Foundation is taking appropriate actions to respond to the pandemic; however, the full impact is unknown and cannot be reasonably estimated at the date the consolidated financial statements were available to be issued.



# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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### 22. CONCENTRATIONS

The Foundation maintains cash in an interest-bearing account which regularly exceeds federally insured limits. The Foundation has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash.

At December 31, 2021, one donor made up 13% of gross contributions receivable. At December 31, 2020, one donor made up 11% of gross contributions receivable.

At December 31, 2021, two borrowers represent 65% of notes receivable with individual percentages of 31% and 34%. At December 31, 2020, three borrowers represent 84% of notes receivable, with individual percentages ranging from 10% to 40%.

The Foundation's investments (Note 5) are held with one investment manager. The Foundation has not experienced any credit losses in its accounts and believes it is not exposed to any significant credit risk. At December 31, 2021 and 2020, two mutual funds represent 34% and 29% of total investments, with individual percentages of 17% each and 15% and 14%, respectively.

**SUPPLEMENTARY INFORMATION**

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS DECEMBER 31, 2021 AND 2020

	2021	2020
Alabama Alpha Chapter Scholarship Fund	\$ 24,326	\$ 20,185
Alabama Beta Chapter Scholarship Fund	2,306	1,935
Arizona Alpha Chapter Scholarship Fund	309,411	269,357
Arizona Beta Endowed Chapter OneFund	52,744	44,250
California Delta Endowed Chapter OneFund	2,094,954	1,878,320
California Epsilon Endowed Chapter OneFund	1,548,524	1,321,918
California Eta Endowed Chapter OneFund	48,957	41,074
California Gamma Endowed Chapter OneFund	107,172	81,796
California Iota Endowed Chapter OneFund	21,113	17,713
California Kappa (J. Robert Meserve) Scholarship Fund	30,136	25,283
California Lambda Endowed Chapter OneFund	287,057	287,799
California Mu Endowed Chapter OneFund	6,739	5,654
California Nu Chapter Scholarship Fund	33,043	27,722
California Theta Endowed Chapter OneFund	14,074	11,009
California Xi Endowed Chapter OneFund	25,447	13,233
California Zeta Chapter Scholarship Fund	1,335	1,120
Colorado Alpha Endowed Chapter OneFund	142,478	118,669
District of Columbia Alpha Chapter Scholarship Fund	4,622	3,878
Florida Alpha (Robert "Bob" L. Foss) Scholarship Fund	9,387	8,047
Florida Beta Endowed Chapter OneFund	211	177
Georgia Alpha Endowed Chapter OneFund	13,342	11,687
Georgia Beta Endowed Chapter OneFund	26,951	22,617
Houston Alumni Association Chapter Scholarship Fund	26,445	22,310
Illinois Alpha Chapter Scholarship Fund	28,956	24,293
Illinois Beta Endowed Chapter OneFund	31,378	27,525
Illinois Eta Endowed Chapter OneFund	18,717	15,703
Illinois Epsilon Endowed Chapter OneFund	55,045	46,009
Illinois Iota Chapter Scholarship Fund	6,361	4,552
Illinois Theta Endowed Chapter OneFund	24,855	20,454
Illinois Zeta (Carlos Navarro) Chapter Scholarship Fund	65,801	53,648
Indiana Alpha Endowed Chapter OneFund	240,068	200,973
Indiana Beta Chapter Scholarship Fund	137,519	120,060
Indiana Delta Chapter Scholarship Fund	217,604	180,830
Indiana Epsilon Endowed Chapter OneFund	144,570	130,516
Indiana Eta Endowed Chapter OneFund	21,121	17,408
Indiana Gamma Endowed Chapter OneFund	69,720	58,492
Indiana Theta Endowed Chapter OneFund	8,593	7,150
Indiana Zeta Endowed Chapter OneFund	87,779	73,238
Iowa Alpha Endowed Chapter OneFund	73,164	66,144

*See report of independent auditors on pages 1 through 3.*

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS DECEMBER 31, 2021 AND 2020

	2021	2020
Iowa Beta Endowed Chapter OneFund	83,043	69,789
Kansas Alpha Chapter Scholarship Fund	19,858	16,621
Kentucky Beta Endowed Chapter OneFund	46,675	38,458
Louisiana Alpha Chapter Scholarship Fund	47,882	39,932
Louisiana Beta Endowed Chapter OneFund	28,384	24,770
Louisiana Gamma Chapter Scholarship Fund	21,257	17,833
Maryland Alpha Endowed Chapter OneFund	517,065	436,504
Maryland Gamma Endowed Chapter OneFund	6,237	5,233
Massachusetts Beta Endowed Chapter OneFund	29,214	24,510
Michigan Alpha (Wolverine) Endowed Chapter OneFund	79,023	69,880
Michigan Beta Endowed Chapter OneFund	84,719	70,997
Minnesota Beta Endowed Chapter OneFund	396,661	342,608
Minnesota Delta Endowed Chapter OneFund	24,996	21,262
Minnesota Gamma Endowed Chapter OneFund	13,140	11,024
Mississippi Alpha Endowed Chapter OneFund	17,614	15,382
Missouri Alpha Chapter Scholarship Fund	210,973	180,817
Nebraska Alpha Endowed Chapter OneFund	37,970	31,855
Nebraska Beta (Theodore J. Urban) Scholarship Fund	25,932	22,608
New Jersey Alpha Endowed Chapter OneFund	493	413
New Jersey Beta Endowed Chapter OneFund	8,328	7,249
New Jersey Delta Endowed Chapter OneFund	18,887	15,846
New Jersey Epsilon Chapter Scholarship Fund	24,891	20,859
New Jersey Gamma Endowed Chapter OneFund	6,853	5,749
New Mexico Alpha Endowed Chapter OneFund	2,572	2,158
New York Alpha Chapter Scholarship Fund	86,949	72,947
New York Beta Chapter Scholarship Fund	17,288	14,562
New York Epsilon Endowed Chapter OneFund	417	350
New York Eta Endowed Chapter OneFund	52,370	45,733
New York Iota Chapter Scholarship Fund	2,764	2,319
New York Kappa Endowed Chapter OneFund	114,302	51,282
New York Theta Endowed Chapter OneFund	96,099	81,366
North Carolina Alpha Endowed Chapter OneFund	35,435	30,988
North Carolina Beta Endowed Chapter OneFund	13,810	11,586
Ohio Alpha Endowed Chapter OneFund	44,221	37,099
Ohio Beta Endowed Chapter OneFund	360,659	302,577
Ohio Epsilon Endowed Chapter OneFund	258,771	181,450
Ohio Eta Chapter Scholarship Fund	14,317	12,011
Ohio Iota Endowed Chapter OneFund	8,764	6,931
Ohio Lambda Endowed Chapter OneFund	77,328	64,799
Ohio Mu Endowed Chapter OneFund	73,053	61,288

*See report of independent auditors on pages 1 through 3.*

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS DECEMBER 31, 2021 AND 2020

	2021	2020
Ohio Nu Endowed Chapter OneFund	3,303	2,771
Ohio Theta Endowed Chapter OneFund	14,439	13,016
Ohio Xi Endowed Chapter OneFund	23,505	19,539
Ohio Zeta Endowed Chapter OneFund	44,094	36,993
Oklahoma Alpha Endowed Chapter OneFund	39,385	33,042
Oklahoma Beta Endowed Chapter OneFund	716	601
Oregon Alpha Chapter Scholarship Fund	32,485	27,172
Oregon Beta Endowed Chapter OneFund	213,823	189,365
Pennsylvania Alpha Chapter Scholarship Fund	11,350	9,522
Pennsylvania Beta Endowed Chapter OneFund	124,294	55,446
Pennsylvania Epsilon Endowed Chapter OneFund	99,788	87,140
Pennsylvania Eta Chapter Scholarship Fund	35,019	29,243
Pennsylvania Gamma Endowed Chapter OneFund	72,802	61,078
Pennsylvania Iota Chapter Scholarship Fund	49,727	41,581
Pennsylvania Lambda Endowed Chapter OneFund	34,579	30,120
Pennsylvania Nu Chapter Scholarship Fund	39,373	33,032
Pennsylvania Phi Chapter Scholarship Fund	5,680	4,765
Pennsylvania Pi Endowed Chapter OneFund	205	172
Pennsylvania Rho Endowed Chapter OneFund	10,116	8,487
Pennsylvania Sigma Chapter Scholarship Fund	5,099	4,278
Pennsylvania Tau Endowed Chapter OneFund	2,301	1,930
Pennsylvania Theta Endowed Chapter OneFund	425	2,154
Pennsylvania Upsilon Endowed Chapter OneFund	8,230	6,905
Pennsylvania Xi Endowed Chapter OneFund	2,340	1,963
Pennsylvania Zeta Endowed Chapter OneFund	2,766	2,321
Rhode Island Alpha Chapter Scholarship Fund	36,124	31,536
Rhode Island Beta Chapter Scholarship Fund	138,012	120,776
Tennessee Delta (Graham G. Stone Memorial) Scholarship Fund	25,477	22,009
Tennessee Epsilon Chapter Scholarship Fund	64,865	54,419
Texas Beta Endowed Chapter OneFund	146,164	122,625
Texas Delta Endowed Chapter OneFund	3,075	2,580
Texas Epsilon Endowed Chapter OneFund	13,279	11,296
Texas Gamma Chapter Scholarship Fund	12,726	11,066
Texas Zeta Endowed Chapter OneFund	8,990	7,542
Virginia Alpha Endowed Chapter OneFund	13,638	8,610
Virginia Zeta Endowed Chapter OneFund	11,390	9,556
Washington Alpha Chapter Scholarship Fund	492,913	431,625
West Virginia Alpha Endowed Chapter OneFund	110,330	53,675
Wisconsin Gamma Chapter Scholarship Fund	102,556	86,040
Ohio Omicron Chapter Scholarship Fund	3,109	2,494

*See report of independent auditors on pages 1 through 3.*

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS DECEMBER 31, 2021 AND 2020

	2021	2020
Virginia Eta Endowed Chapter OneFund	4,220	3,541
Indiana Iota Endowed Chapter OneFund	2,876	2,281
Delaware Alpha Chapter Scholarship Fund	7,000	5,873
Arkansas Alumni Association Chapter Scholarship Fund	52,030	38,269
Alabama Gamma Endowed Chapter OneFund	102	86
Ohio Kappa Chapter Scholarship Fund	91	76
Maryland Delta Endowed Chapter OneFund	117	98
California Epsilon Chapter Housing Fund	1,960	358,670
California Gamma Chapter Housing Fund	37,483	25,955
California Kappa Chapter Housing Fund	39,626	40,404
Indiana Alpha Chapter Housing Fund	174,152	187,444
Indiana Beta Chapter Housing Fund	(915)	54,385
Indiana Delta Chapter Housing Fund	1,577	607
Iowa Beta Chapter Housing Fund	47,500	-0-
Oregon Beta Chapter Housing Fund	5,846	4,107
Tennessee Delta Chapter Housing Fund	39,838	40,524
California Eta Chapter Housing Fund	23,732	(188)
Michigan Alpha Chapter Housing Fund	-0-	(1,102)
Illinois Delta Chapter Housing Fund	10,128	35,701
Ohio Nu Chapter Housing Fund	6,270	6,170
Texas Gamma Chapter Housing Fund	24,022	20,154
Georgia Alpha Chapter Housing Fund	5,001	3,840
Indiana Epsilon Chapter Housing Fund	238,764	376,243
Ohio Lambda Chapter Housing Fund	27,727	35,385
Louisiana Alpha Chapter Housing Fund	61,993	86,926
Virginia Zeta Chapter Housing Fund	710	-0-
Mississippi Alpha Chapter Housing Fund	193,401	3,598
West Virginia Alpha Chapter Housing Fund	144,255	87,400
Oklahoma Alpha Chapter Housing Fund	10,236	(1,012)
Washington Alpha Housing Fund	181,220	-0-
Virginia Alpha Chapter Housing Fund	3,563	-0-
Undesignated Temp Restricted (Default for Fund 60)	(90)	(20)
Iowa Beta Chapter House Operating Fund	-0-	11,050
Ohio Delta (Honors Lodge) Chapter House Operating Fund	30	25
Pennsylvania Theta Chapter House Operating Fund	248,998	172,341
Ohio Delta (Chapter House) Chapter House Operating Fund	12,211	5,662
Indiana Delta Chapter House Operating Fund	9,803	69,613
Virginia Beta (1855) Chapter House Operating Fund	18,280	15,336
Tennessee Delta Chapter House Operating Fund	1,225	1,028

*See report of independent auditors on pages 1 through 3.*

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS DECEMBER 31, 2021 AND 2020

	2021	2020
Washington Alpha Chapter House Operating Fund	-0-	(6,634)
Ohio Lambda Chapter House Operating Fund	-0-	357
Michigan Alpha Chapter House Operating Fund	-0-	971
Indiana Alpha (Mom Brown) Chapter House Operating Fund	-0-	625
California Delta Chapter House Operating Fund	-0-	44,265
Pennsylvania Lambda Chapter House Operating Fund	193,119	162,019
Indiana Epsilon (Donald V. Fites) Endowed Chapter OneFund	82,787	70,138
Virginia Beta (Jerry Nelson) Mentor Scholarship Fund	99,139	83,173
Indiana Beta (Reach For Excellence) Grant Fund	26,857	22,532
Excellence in Advising Grant Fund	47,620	44,125
Gordon S. Letterman Scholarship Fund	7,526	6,314
Nebraska Alpha (Walter & Virginia Henrion) Fellowship Fund	195,253	88,303
Terrence "Terry" G. Harper Fellowship Fund	52,432	43,988
William H. Blanning Scholarship Fund	183,531	159,250
Health & Wellness Fund	305	266
Mississippi Alpha (Christopher J. Grimaud) Scholarship Fund	31,987	27,908
Schroeder Scholarship Fund	58,490	27,625
Shane Yates Fellowship Fund	44,285	35,458
Louisiana Alpha Chapter Fellowship Fund	27,239	30,821
Nebraska Alpha (Dan Cook) Fellowship Fund	50,464	42,163
Scott Sutton Memorial Fund	1,006	268
California Delta (Brensike - McMahan) Scholarship Fund	35,268	29,589
Phi Kappa Psi Pride Scholarship Fund	39,773	22,889
California Epsilon (James N. Harger) Engineering Sch. Fund	36,913	33,205
Iowa Beta (Paul T. Troupe) Emerging Leaders Scholarship Fund	59,554	42,029
Michigan Alpha (Michael R. Etzioni) Scholarship Fund	36,210	30,989
California Delta (Benton H. Lamson) Scholarship Fund	51,419	38,985
California Epsilon (Scott C. Thomas) Scholarship Fund	47,777	41,548
Illinois Delta (C.F. "Dab" Williams) Scholarship Fund	102,492	86,110
Illinois Delta (Stephen W. Acheson) Scholarship Fund	60,381	52,711
Indiana Beta (Bradley L. Henninger) Scholarship Fund	123,132	103,302
Iowa Alpha (Michael D. Junker) Scholarship Fund	39,142	33,189
Kansas Alpha (Riley) Scholarship Fund	29,107	24,420
Michigan Beta (Charles & Estelle Williams) Scholarship Fund	427,001	369,305
Nebraska Alpha (Robert E. Hamilton) Scholarship Fund	49,496	41,525
Nebraska Alpha (Western Nebraska) Scholarship Fund	20,569	17,257
Ohio Delta (Howard L. Hamilton) Scholarship Fund	65,083	58,311
Ohio Delta (Manning D. Webster) Scholarship Fund	58,630	54,367
Ohio Delta (Norman "Norm" M. Spain) Scholarship Fund	41,904	38,999
Ohio Delta (William "Mil" M. Batten) Scholarship Fund	42,055	39,115

*See report of independent auditors on pages 1 through 3.*

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS DECEMBER 31, 2021 AND 2020

	2021	2020
Ohio Epsilon (Medical Education) Scholarship Fund	4,361	3,292
Ohio Theta (Helen B. Smith) Scholarship Fund	11,859	10,550
Ohio Theta (Jerry & Terrie Dunlap) Scholarship Fund	34,167	28,694
Oklahoma Alpha (Wittrock) Scholarship Fund	18,026	15,034
Oregon Alpha (Hugh B. Oliphant) Scholarship Fund	55,165	46,281
Oregon Alpha (Maurice "Mo" J. Warnock) Scholarship Fund	104,818	87,938
Oregon Alpha (Maurice O'Callaghan) Scholarship Fund	29,536	24,779
Rhode Island Alpha (Clayton C. Dovey III) Scholarship Fund	2,356	1,976
Texas Alpha (Derrick A. Eakin Memorial) Scholarship Fund	17,930	15,687
Texas Alpha (Longview) Scholarship Fund	122,527	95,113
Texas Alpha (Paul A. Cox Memorial) Scholarship Fund	17,273	15,084
Texas Alpha (St. Tacky) Scholarship Fund	74,488	65,118
Virginia Beta (C. Stephen Leonard) Scholarship Fund	134,775	117,637
Virginia Beta (George S. Lantzas) Scholarship Fund	68,928	59,904
Virginia Zeta (Willow Creek/Philpott) Scholarship Fund	1,692	1,420
Ohio Delta (George S. Frost) Scholarship Fund	1,289,581	1,089,417
New York Theta (Brian D. Bauer) Scholarship Fund	36,597	30,435
California Epsilon (James L. Tigner Jr.) Scholarship Fund	216,073	185,203
Pennsylvania Iota (Correia) Scholarship Fund	51,473	35,595
Iowa Beta (Bill & Lindy Good) Chapter Scholarship Fund	138,525	119,479
Washington Alpha (Douglas A. Hora) Chapter Scholarship Fund	29,570	25,180
New York Beta (Hunter Brooks Watson) Scholarship Fund	89,696	79,633
California Beta Chapter Scholarship Fund	90,635	78,249
Pennsylvania Theta Chapter Scholarship Fund	409,042	371,885
Texas Alpha (Centennial) Scholarship Fund	312,292	276,840
Colorado Alpha (Connor Thomson) Scholarship Fund	96,882	-0-
Iowa Beta (Kyle L Goodell) Spirit Scholarship Fund	25,650	-0-
WV Alpha (Seth Underwood) Memorial Scholarship Fund	900	-0-
Leadership & Member Development Fund	2,944	1,973
Ohio Delta (J. Gilbert Reese) Chapter Scholarship Fund	925,838	852,890
Watkins Christian Scholarship Fund	162,078	138,655
Ohio Lambda Leadership Character Strengthening Fund	35,463	30,066
Indiana Beta (William E. Young Trust) Scholarship Fund	16,804	14,624
Alabama Alpha Chapter Leadership Fund	2,347	795
Alabama Beta Chapter Leadership Fund	730	612
Alabama Gamma Chapter OneFund	77	65
Arizona Alpha Chapter Leadership Fund	672	374
Arizona Beta Chapter OneFund	63	(27)
California Delta Chapter OneFund	60,602	5,693

*See report of independent auditors on pages 1 through 3.*



# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS DECEMBER 31, 2021 AND 2020

	2021	2020
California Epsilon Chapter OneFund	69,695	619
California Eta Chapter OneFund	(980)	(1,205)
California Gamma Chapter OneFund	79	6,028
California Iota Chapter OneFund	867	576
California Kappa Chapter Leadership Fund	601	427
California Lambda Chapter OneFund	399	472
California Mu Chapter OneFund	23	19
California Theta Chapter OneFund	1,669	1,034
California Xi Chapter OneFund	2,708	2,114
Colorado Alpha Chapter OneFund	210	214
Delaware Alpha Chapter Leadership Fund	158	61
District of Columbia Alpha Chapter Leadership Fund	565	351
Florida Alpha Chapter Leadership Fund	916	663
Georgia Alpha Chapter OneFund	8,151	9,257
Georgia Beta Chapter OneFund	2,291	855
Illinois Alpha Chapter Leadership Fund	526	444
Illinois Delta Chapter Leadership Fund	1,957	1,446
Illinois Epsilon Chapter OneFund	100	84
Illinois Eta Chapter OneFund	654	229
Illinois Iota Chapter Leadership Fund	53	45
Illinois Theta Chapter OneFund	103	105
Illinois Zeta Chapter Leadership Fund	1,146	941
Indiana Alpha (Dorothy "Mom" Brown) Chapter OneFund	31,115	27,637
Indiana Beta Chapter OneFund	14,449	2,283
Indiana Delta Chapter Leadership Fund	37,905	26,683
Indiana Epsilon Chapter OneFund	18,191	18,576
Indiana Eta Chapter OneFund	959	271
Indiana Gamma Chapter OneFund	4,115	3,157
Indiana Iota Chapter OneFund	1,002	840
Indiana Theta Chapter OneFund	1,249	672
Indiana Zeta Chapter OneFund	3,750	633
Iowa Alpha Chapter OneFund	1,712	1,006
Iowa Beta Chapter OneFund	12,410	16,432
Kansas Alpha Chapter Leadership Fund	4,011	1,991
Kentucky Beta Chapter OneFund	117	53
Louisiana Alpha Chapter Leadership Fund	2,378	1,825
Louisiana Beta Chapter OneFund	-0-	106
Louisiana Gamma Chapter Leadership Fund	548	460
Maryland Alpha Chapter OneFund	1,585	436
Maryland Gamma Chapter OneFund	304	97

*See report of independent auditors on pages 1 through 3.*

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS DECEMBER 31, 2021 AND 2020

	2021	2020
Massachusetts Beta Chapter OneFund	161	164
Michigan Alpha Chapter OneFund	29,081	25,795
Michigan Beta Chapter OneFund	4,838	3,280
Minnesota Beta Chapter OneFund	8,532	4,341
Minnesota Delta Chapter OneFund	5,546	2,175
Minnesota Gamma Chapter OneFund	17	15
Mississippi Alpha Chapter OneFund	276	191
Missouri Alpha Chapter Leadership Fund	1,103	740
Nebraska Alpha Chapter OneFund	5,051	-0-
Nebraska Beta Chapter Leadership Fund	28	24
New Jersey Beta Chapter OneFund	416	402
New Jersey Delta Chapter OneFund	1,063	107
New Jersey Epsilon Chapter Leadership Fund	465	390
New Jersey Gamma Chapter OneFund	901	601
New York Alpha Chapter Leadership Fund	147	124
New York Beta Chapter Leadership Fund	22,480	8,408
New York Eta Chapter OneFund	2,243	1,316
New York Iota Chapter Leadership Fund	66	55
New York Kappa Chapter OneFund	6,526	229
New York Theta Chapter OneFund	1,238	524
North Carolina Beta Chapter OneFund	521	437
Ohio Alpha Chapter OneFund	175	147
Ohio Beta Chapter OneFund	2,682	1,980
Ohio Delta Chapter Leadership Fund	58,378	45,195
Ohio Epsilon Chapter OneFund	7,518	3,823
Ohio Eta Chapter Leadership Fund	692	265
Ohio Iota Chapter OneFund	3,103	428
Ohio Kappa Chapter Leadership Fund	63	53
Ohio Lambda Chapter OneFund	674	39
Ohio Mu Chapter OneFund	435	159
Ohio Nu Chapter OneFund	294	283
Ohio Omicron Chapter Leadership Fund	418	275
Ohio Theta Chapter OneFund	14,724	11,129
Ohio Xi Chapter OneFund	177	104
Ohio Zeta Chapter OneFund	804	657
Oklahoma Alpha Chapter OneFund	16,071	14,103
Oregon Alpha Chapter Leadership Fund	614	515
Oregon Beta Chapter OneFund	3,362	828
Pennsylvania Alpha Chapter Leadership Fund	707	118
Pennsylvania Beta Chapter OneFund	71,032	448
Pennsylvania Epsilon Chapter OneFund	618	441
Pennsylvania Eta Chapter Leadership Fund	1,673	1,048

*See report of independent auditors on pages 1 through 3.*

# THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

## SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS DECEMBER 31, 2021 AND 2020

	2021	2020
Pennsylvania Iota Chapter Leadership Fund	1,037	907
Pennsylvania Lambda Chapter OneFund	3,443	1,869
Pennsylvania Nu Chapter Leadership Fund	342	245
Pennsylvania Phi Chapter Leadership Fund	409	343
Pennsylvania Rho Chapter OneFund	557	468
Pennsylvania Upsilon Chapter OneFund	406	324
Pennsylvania Xi Chapter OneFund	506	516
Pennsylvania Zeta Chapter OneFund	11	-0-
Rhode Island Beta Chapter Leadership Fund	612	315
Tennessee Delta Chapter Leadership Fund	14,690	10,280
Tennessee Epsilon Chapter Leadership Fund	368	222
Texas Beta Chapter OneFund	1,385	1,601
Texas Epsilon Chapter OneFund	479	50
Texas Gamma Chapter Leadership Fund	112	94
Texas Zeta Chapter OneFund	335	294
Virginia Alpha Chapter OneFund	277,855	2,197
Virginia Beta Chapter Leadership Fund	6,988	5,015
Virginia Theta Chapter OneFund	768	783
Virginia Zeta Chapter OneFund	358	51
Washington Alpha Chapter Leadership Fund	3,581	3,976
West Virginia Alpha Chapter OneFund	737	490
Wisconsin Gamma Chapter Leadership Fund	1,225	651
California Zeta Chapter Leadership Fund	101	-0-
Maryland Delta Chapter OneFund	1,259	-0-
California Beta Chapter Leadership Fund	11,517	9,539
Pennsylvania Theta Non-Endowed Chapter Leadership Fund	4,984	3,712
Texas Alpha Non-Endowed Chapter Leadership Fund	454	353
General Chapter OneFund	458	384
California Beta Endowed Chapter Leadership Fund	45,808	39,560
Ohio Epsilon Endowed Chapter Leadership Fund	-0-	43,021
Pennsylvania Theta Endowed Chapter Leadership Fund	80,873	74,334
Tennessee Delta Endowed Chapter Leadership Fund	31,644	27,708
Jerry Nelson Scholarship Fund	42,359	36,771
Philip M. Cornelius Scholarship Fund	40,465	35,089
Ralph D. Daniel Scholarship Fund	91,808	80,104
Ruddick C. Lawrence Scholarship Fund	121,485	105,348
Boys & Girls Club of America	-0-	645
Frederick and Sharon Hegele Leadership and Service Fund	54,930	41,710
Museum & Archives Fund	12,245	625
Laurel Hall Capital Improvement Fund	66,092	-0-
Ruth Lilly Operating Fund	473,764	414,072
Interest in Summerfield Foundation	458,000	451,000

*See report of independent auditors on pages 1 through 3.*