

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

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022 AND 2021

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, 2022 and 2021 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, 2022 and 2021, 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 22, 2023

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 AND 2021

ASSETS		
	2022	2021
Cash	\$ 1,070,420	\$ 1,125,705
Contributions receivable, net	932,535	697,621
Related party receivable	12,514	17,694
Notes receivable	2,488,864	2,572,548
Other receivables	226,053	275,306
Investments	20,544,391	19,114,723
Cash surrender value of life insurance	136,876	138,098
Property held as an investment, net	344,851	359,452
Property and equipment, net	1,289,009	1,381,013
Beneficial interest in perpetual trusts	417,439	474,804
Prepaid expenses and other assets	140,553	86,116
	\$ 27,603,505	\$ 26,243,080
LIABILITIES AND NET ASSETS		
Liabilities		
Line of credit	\$ 9,100,000	\$ 7,000,000
Accounts payable, other payables and accrued expenses	325,519	360,869
Deferred revenue	422,950	444,875
Mortgage payable	295,362	309,577
Customer deposits	65,470	73,421
Total liabilities	10,209,301	8,188,742
Net assets		
Without donor restrictions		
Undesignated	936,786	1,009,332
Board designated - Finance Engine	(8,071,275)	(5,337,567)
	(7,134,489)	(4,328,235)
With donor restrictions		
Time and purpose	23,058,608	20,819,853
Perpetual	1,470,085	1,562,720
	24,528,693	22,382,573
Total net assets	17,394,204	18,054,338
	\$ 27,603,505	\$ 26,243,080

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, 2022

(With Comparative Total for the Year Ended December 31, 2021)

	2022			2021	
	Without	With Donor Restrictions		Total	Total
	Donor Restrictions	Time and Purpose	Perpetual		
Support and revenues					
Member support and other contributions	\$ 1,137,010	\$ 5,271,831	\$ 224	\$ 6,409,065	\$ 2,872,986
Endowed operating fund grant	21,319	-0-	-0-	21,319	18,692
PPP grant income	-0-	-0-	-0-	-0-	249,728
Investment return, net	(7,511)	(1,609,026)	(44,206)	(1,660,743)	3,370,186
Change in beneficial interest in perpetual trusts	-0-	-0-	(57,365)	(57,365)	9,180
Change in value of gift annuity	(6,590)	-0-	-0-	(6,590)	1,937
Interest income on notes receivable	9,294	89,796	32,177	131,267	134,739
Rental income	149,905	-0-	-0-	149,905	151,163
Increase (decrease) in cash value of life insurance	(1,222)	-0-	-0-	(1,222)	7,897
Events revenue	552,353	-0-	-0-	552,353	444,568
Net assets released from restrictions	1,537,311	(1,513,846)	(23,465)	-0-	-0-
Total support and revenues	<u>3,391,869</u>	<u>2,238,755</u>	<u>(92,635)</u>	<u>5,537,989</u>	<u>7,261,076</u>
Expenses					
Programs	2,597,446	-0-	-0-	2,597,446	2,563,928
Management and general	2,693,404	-0-	-0-	2,693,404	1,948,437
Fundraising	907,273	-0-	-0-	907,273	873,939
Total expenses	<u>6,198,123</u>	<u>-0-</u>	<u>-0-</u>	<u>6,198,123</u>	<u>5,386,304</u>
Change in net assets	(2,806,254)	2,238,755	(92,635)	(660,134)	1,874,772
Net assets, beginning of year	<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>
Net assets, end of year	<u>\$ (7,134,489)</u>	<u>\$ 23,058,608</u>	<u>\$ 1,470,085</u>	<u>\$ 17,394,204</u>	<u>\$ 18,054,338</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, 2021

	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose	Perpetual	
Support and revenues				
Member support and other contributions	\$ 781,602	\$ 2,091,384	\$ -0-	\$ 2,872,986
Endowed operating fund grant	18,692	-0-	-0-	18,692
PPP grant income	249,728	-0-	-0-	249,728
Investment return, net	241,312	3,044,427	84,447	3,370,186
Change in beneficial interest in perpetual trusts	-0-	-0-	9,180	9,180
Change in value of gift annuity	1,937	-0-	-0-	1,937
Interest income on notes receivable	10,022	89,708	35,009	134,739
Rental income	151,163	-0-	-0-	151,163
Increase (decrease) in cash value of life insurance	7,897	-0-	-0-	7,897
Events revenue	444,568	-0-	-0-	444,568
Net assets released from restrictions	<u>1,809,128</u>	<u>(1,786,043)</u>	<u>(23,085)</u>	<u>-0-</u>
Total support and revenues	3,716,049	3,439,476	105,551	7,261,076
Expenses				
Programs	2,563,928	-0-	-0-	2,563,928
Management and general	1,948,437	-0-	-0-	1,948,437
Fundraising	<u>873,939</u>	<u>-0-</u>	<u>-0-</u>	<u>873,939</u>
Total expenses	<u>5,386,304</u>	<u>-0-</u>	<u>-0-</u>	<u>5,386,304</u>
Change in net assets	(1,670,255)	3,439,476	105,551	1,874,772
Net assets, beginning of year	<u>(2,657,980)</u>	<u>17,380,377</u>	<u>1,457,169</u>	<u>16,179,566</u>
Net assets, end of year	<u>\$ (4,328,235)</u>	<u>\$ 20,819,853</u>	<u>\$ 1,562,720</u>	<u>\$ 18,054,338</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, 2022

(With Comparative Total for the Year Ended December 31, 2021)

	2022			2021	
	Programs	Management and General	Fundraising	Total	Total
Grants, fellowships, and scholarships	\$ 328,921	\$ -0-	\$ -0-	\$ 328,921	\$ 333,205
Educational area grants	328,336	-0-	-0-	328,336	917,394
Endowed operating fund grant	-0-	21,319	-0-	21,319	18,692
Salaries, wages, taxes, and benefits	526,976	395,767	505,741	1,428,484	1,368,797
Travel, lodging, meals and entertainment	33,164	34,628	69,916	137,708	52,059
Conferences and professional development	43	845	1,350	2,238	2,344
Professional services (accounting, legal, consulting, etc.)	90,864	88,023	38,231	217,118	174,060
Supplies	2,989	9,314	2,301	14,604	12,637
Dues, licenses and subscriptions	2,270	13,598	52,756	68,624	62,092
Postage and delivery	2,958	7,138	24,944	35,040	28,405
Advertising, creative, printing, and reproduction	29,676	19,589	100,880	150,145	82,025
Depreciation	81,642	54,124	21,122	156,888	158,005
Mortgage interest, banking and financial fees	20,103	311,440	397	331,940	159,280
Property and liability insurance	-0-	29,854	-0-	29,854	25,815
Utilities	23,370	22,283	8,696	54,349	46,588
Maintenance and repairs	22,400	21,358	8,335	52,093	75,789
Facility services	49,960	47,636	18,590	116,186	107,927
Equipment rental	2,564	7,128	2,564	12,256	7,761
Vehicle insurance, maintenance and repairs	79	144	7,771	7,994	(2,565)
Bad debt expense	-0-	-0-	40,600	40,600	85,789
In-kind expense	-0-	-0-	-0-	-0-	19,200
Taxes on investment income/loss	-0-	(98,105)	-0-	(98,105)	154,150
Chapter development services expenses	216,333	-0-	-0-	216,333	94,879
Miscellaneous	-0-	12,429	-0-	12,429	-0-
Total expenses before gifted policy insurance premiums	<u>\$ 1,762,648</u>	<u>\$ 998,512</u>	<u>\$ 904,194</u>	<u>3,665,354</u>	<u>3,984,328</u>
Gifted policy insurance premiums	<u>834,798</u>	<u>1,694,892</u>	<u>3,079</u>	<u>2,532,769</u>	<u>1,401,976</u>
Total expenses	<u><u>\$ 2,597,446</u></u>	<u><u>\$ 2,693,404</u></u>	<u><u>\$ 907,273</u></u>	<u><u>\$ 6,198,123</u></u>	<u><u>\$ 5,386,304</u></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

	Programs	Management and General	Fundraising	Total
Grants, fellowships, and scholarships	\$ 333,205	\$ -0-	\$ -0-	\$ 333,205
Educational area grants	917,394	-0-	-0-	917,394
Endowed operating fund grant	-0-	18,692	-0-	18,692
Salaries, wages, taxes, and benefits	455,295	365,126	548,376	1,368,797
Travel, lodging, meals and entertainment	9,110	19,351	23,598	52,059
Conferences and professional development	604	1,285	455	2,344
Professional services (accounting, legal, consulting, etc.)	70,220	75,170	28,670	174,060
Supplies	466	11,476	695	12,637
Dues, licenses and subscriptions	3,460	11,283	47,349	62,092
Postage and delivery	2,426	5,632	20,347	28,405
Advertising, creative, printing, and reproduction	7,548	14,417	60,060	82,025
Depreciation	82,223	54,510	21,272	158,005
Mortgage interest, banking and financial fees	24,012	135,114	154	159,280
Property and liability insurance	-0-	25,815	-0-	25,815
Utilities	20,033	19,101	7,454	46,588
Maintenance and repairs	32,589	31,074	12,126	75,789
Facility services	46,409	44,250	17,268	107,927
Equipment rental	1,608	4,545	1,608	7,761
Vehicle insurance, maintenance and repairs	673	706	(3,944)	(2,565)
Bad debt expense	-0-	-0-	85,789	85,789
In-kind expense	-0-	19,200	-0-	19,200
Taxes on investment income/loss	-0-	154,150	-0-	154,150
Chapter development services expenses	94,879	-0-	-0-	94,879
Total expenses before gifted policy insurance premiums	2,102,154	1,010,897	871,277	3,984,328
Gifted policy insurance premiums	461,774	937,540	2,662	1,401,976
Total expenses	\$ 2,563,928	\$ 1,948,437	\$ 873,939	\$ 5,386,304

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, 2022 AND 2021

	2022	2021
Operating activities		
Change in net assets	\$ (660,134)	\$ 1,874,772
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized and unrealized (gains) losses on investments, net	2,969,158	(2,366,449)
Bad debt expense	40,600	85,789
Depreciation	156,888	158,005
Loss on disposal of property and equipment	12,429	-0-
Change in cash surrender value of life insurance	1,222	(7,897)
Change in beneficial interest in perpetual trusts	57,365	(9,180)
Investment in life insurance premium	2,529,690	1,399,314
Changes in assets and liabilities:		
Contributions receivable	(275,514)	(32,146)
Related party receivable	5,180	3,802
Other receivables	49,253	(38,303)
Prepaid expenses and other assets	(54,437)	34,668
Accounts payable, other payables and accrued expenses	(35,350)	170,681
Deferred revenue	(21,925)	45,800
Customer deposits	(7,951)	6,446
Net cash flows from operating activities	4,766,474	1,325,302
Investing activities		
Purchase of investments	(7,141,851)	(2,998,814)
Proceeds from sales and maturities of investments	2,743,025	2,962,797
Life insurance premium paid on investment contract	(2,529,690)	(1,399,314)
Purchase of property and equipment	(62,712)	(106,885)
Payments received on notes receivable	83,684	91,945
Advances on notes receivable	-0-	(350,000)
Net cash flows from investing activities	(6,907,544)	(1,800,271)
Financing activities		
Net borrowings under line of credit	2,100,000	500,000
Payments on mortgage	(14,215)	(13,323)
Net cash flows from financing activities	2,085,785	486,677
Net change in cash	(55,285)	11,708
Cash, beginning of year	1,125,705	1,113,997
Cash, end of year	\$ 1,070,420	\$ 1,125,705
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 315,186	\$ 115,596
Cash paid for income taxes, net	\$ 43,240	\$ 4,837

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, 2022 AND 2021

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, 2022 AND 2021

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.

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, 2022 and 2021, rates used ranged from 4.05% to 0.17%. Amortization of the resulting discount is recognized as additional contribution income.

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

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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 monthly 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, 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

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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, 2022 and 2021 and January 1, 2021 of \$422,950, \$444,875 and \$399,075, 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, 2022 and 2021, 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, 2021. 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).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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 22, 2023, which is the date the consolidated financial statements were available to be issued.

3. CHANGE IN ACCOUNTING PRINCIPLE

On January 1, 2022, the Foundation adopted the new lease accounting standard issued by the Financial Accounting Standards Board (FASB) and codified in the Accounting Standards Codification (ASC) as Topic 842 (ASC 842). The lease standard in ASC 842 intended to improve financial reporting about leasing transactions by requiring entities to recognize on the 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 ASC 842) of twelve months or less are not required to be reflected on an entity's statement of financial position.

The Foundation applied the modified retrospective approach to all lease agreements when adopting ASC 842. ASC 842 was applied retrospectively to the beginning of the period of adoption through a cumulative-effect adjustment recognized as of January 1, 2022. Prior period amounts have not been adjusted and continue to be reported in accordance with the previous accounting guidance in ASC 840. The adoption of ASC 842 did not have a material impact on the consolidated statement of financial position or on the consolidated statement of activities and the consolidated statement of cash flows. As of January 1, 2022, there was no impact on the Foundation's consolidated statement of financial position or on the consolidated statement of activities and the consolidated statement of cash flows.

The Foundation elected the available practical expedients to account for its existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether any expired or existing contracts contain a lease, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs, if any, before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. In addition, the Foundation elected the hindsight practical expedient to determine the lease term for existing leases.

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4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Time and purpose	\$ 1,173,999	\$ 786,946
Endowment	<u>4,500</u>	<u>4,500</u>
	1,178,499	791,446
Less unamortized discount	(128,114)	(14,575)
Less allowance for uncollectible contributions	<u>(117,850)</u>	<u>(79,250)</u>
Contributions receivable, net	<u>\$ 932,535</u>	<u>\$ 697,621</u>
Amounts due in:		
Due within one year	\$ 553,819	\$ 384,446
Due in one to five years	556,654	370,873
Due in more than five years	<u>68,026</u>	<u>36,127</u>
	<u>\$ 1,178,499</u>	<u>\$ 791,446</u>

5. NOTES RECEIVABLE

Notes receivable have an outstanding balance of \$2,488,864 and \$2,572,548 at December 31, 2022 and 2021, respectively. The notes accrue interest at rates ranging from 4.50% to 6% and have terms ranging from 20 to 33 years.

6. INVESTMENTS

Investments consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Money market mutual funds	\$ 750,181	\$ 43,951
U.S. Treasury obligations	915,372	1,023,717
Common stock and other equity securities	-0-	5,327
Mutual funds	18,283,499	16,384,567
Cash	248,783	536,208
Certificates of deposit	346,556	320,341
Hedge fund - Gas and oil royalty fund	<u>-0-</u>	<u>800,612</u>
	<u>\$ 20,544,391</u>	<u>\$ 19,114,723</u>

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At December 31, 2022 and 2021 one investment account with a balance of \$16,586,806 and \$17,755,908, respectively, serves as collateral for the Foundation's line of credit (Note 10).

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

	2022	2021
Interest and dividend income	\$ 1,342,027	\$ 1,035,926
Realized gains on sale of investments, net	762,325	443,750
Unrealized gains (losses) on investments, net	(3,731,483)	1,922,699
Investment fees	(33,612)	(32,189)
	<u>\$ (1,660,743)</u>	<u>\$ 3,370,186</u>

7. PROPERTY HELD AS AN INVESTMENT

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

	2022	2021
Land, buildings and improvements	\$ 559,000	\$ 559,000
Accumulated depreciation	(214,149)	(199,548)
	<u>\$ 344,851</u>	<u>\$ 359,452</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. Property Preservation, LLC holds one property occupied by a house corporation. The property has a mortgage payable (Note 11) and is being depreciated using the straight-line method over 25 years.

8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2022	2021
Land, buildings and improvements	\$ 3,291,901	\$ 3,263,396
Furnishings and equipment	470,944	470,944
Antiques and works of art	113,951	113,951
	3,876,796	3,848,291
Accumulated depreciation	(2,587,787)	(2,467,278)
	<u>\$ 1,289,009</u>	<u>\$ 1,381,013</u>

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9. 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 \$402,000 and \$458,000 at December 31, 2022 and 2021, respectively. The other trust is valued at the fair market value of the underlying assets as reported by the trustee, which was \$15,439 and \$16,804 at December 31, 2022 and 2021, respectively.

10. LINE OF CREDIT

The Finance Engine has a line of credit facility with a bank. During 2021, this line of credit provided maximum borrowings of \$8,000,000 at an interest rate of prime minus 1.75% through November 2024. During 2021, the line of credit facility was 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% (5.75% at December 31, 2022) 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 \$16,586,806 and \$17,755,908 at December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, the outstanding balance on the line of credit is \$9,100,000 and \$7,000,000, respectively.

On January 4, 2023, the line of credit facility was renewed again to increase the maximum available borrowings to \$12,000,000. Under terms of this agreement, the line of credit bears interest at a rate of prime minus 1.75% and requires interest only payments through July 2024. The line of credit continues to be secured by the investment account referenced above.

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.

11. 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, 2022 and 2021 are \$295,362 and \$309,577, respectively. The net book value of the property securing the mortgage is \$344,851 and \$359,452 at December 31, 2022 and 2021, respectively.

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Scheduled maturities of the mortgage payable are as follows as of December 31, 2022:

Year Ending December 31,	
2023	\$ 14,805
2024	15,796
2025	16,854
2026	17,983
2027	19,187
Thereafter	<u>210,737</u>
	<u>\$ 295,362</u>

12. PAYCHECK PROTECTION PROGRAM

On March 16, 2021, the Foundation received a second low interest loan in the amount of \$249,728 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 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.

13. 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 (\$8,071,275) and (\$5,337,567) at December 31, 2022 and 2021, respectively.

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Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Time restricted		
Contributions receivable	\$ 101,287	\$ 100,419
Purpose restricted		
Chapter specific funds and donor named funds	22,555,468	20,245,670
Ruth Lilly Fund (Laurel Hall Operating Fund)	<u>401,853</u>	<u>473,764</u>
	<u>22,957,321</u>	<u>20,719,434</u>
Total time and purpose restricted	23,058,608	20,819,853
Perpetual		
Beneficial interest in perpetual trusts	417,439	474,804
Endowment		
Scholarships and grants	<u>1,052,646</u>	<u>1,087,916</u>
Total perpetual	<u>1,470,085</u>	<u>1,562,720</u>
	<u>\$ 24,528,693</u>	<u>\$ 22,382,573</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>2022</u>	<u>2021</u>
Scholarships, grants and program expenses	\$ 1,138,742	\$ 1,426,667
Administrative fees	<u>398,569</u>	<u>382,461</u>
	<u>\$ 1,537,311</u>	<u>\$ 1,809,128</u>

14. 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.

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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, 2022 and 2021.

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

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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:

	2022		
	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-	\$ 794,394	\$ 794,394
Accumulated investment gains	-0-	258,252	258,252
	<u>\$ -0-</u>	<u>\$ 1,052,646</u>	<u>\$ 1,052,646</u>
	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	-0-	305,278	305,278
	<u>\$ -0-</u>	<u>\$ 1,087,916</u>	<u>\$ 1,087,916</u>

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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -0-	\$ 1,087,916	\$ 1,087,916
Contributions	-0-	224	224
Investment return, net	-0-	(12,029)	(12,029)
Distributions	-0-	(23,465)	(23,465)
Endowment net assets, end of year	<u>\$ -0-</u>	<u>\$ 1,052,646</u>	<u>\$ 1,052,646</u>

	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>

15. 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.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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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, 2022 and 2021.

- *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 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

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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:

	2022			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market mutual funds	\$ -0-	\$ 750,181	\$ -0-	\$ 750,181
U.S. Treasury obligations	-0-	915,372	-0-	915,372
Mutual funds				
Equity				
Large value	1,253,141	-0-	-0-	1,253,141
Large blend	4,687,834	-0-	-0-	4,687,834
Mid cap	1,362,109	-0-	-0-	1,362,109
Small cap	5,117,334	-0-	-0-	5,117,334
International	1,641,968	-0-	-0-	1,641,968
Fixed income	1,634,436	-0-	-0-	1,634,436
Non traditional assets				
Other	<u>2,586,677</u>	<u>-0-</u>	<u>-0-</u>	<u>2,586,677</u>
	<u>18,283,499</u>	<u>-0-</u>	<u>-0-</u>	<u>18,283,499</u>
Total investments in the fair value hierarchy	<u>\$ 18,283,499</u>	<u>\$ 1,665,553</u>	<u>\$ -0-</u>	19,949,052
Cash				248,783
Certificates of deposit				<u>346,556</u>
Total investments				<u>\$ 20,544,391</u>
Beneficial interest in perpetual trusts	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 417,439</u>	<u>\$ 417,439</u>

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	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
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>

(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:

	2022	2021
Balance, beginning of year	\$ 474,804	\$ 465,624
Change in value for the year	<u>(57,365)</u>	<u>9,180</u>
Balance, end of year	<u>\$ 417,439</u>	<u>\$ 474,804</u>

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

<u>December 31, 2021</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Gas and oil royalty fund	\$ 800,612	None	Semi-annually	Monthly

During 2022, all remaining investments held in this fund were liquidated.

16. 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.

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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:

	2022	2021
Cash	\$ 1,070,420	\$ 1,125,705
Contributions receivable, net	932,535	697,621
Related party receivable	12,514	17,694
Notes receivable	2,488,864	2,572,548
Other receivables	226,053	275,306
Investments	20,544,391	19,114,723
Cash surrender value of life insurance	136,876	138,098
Beneficial interest in perpetual trusts	<u>417,439</u>	<u>474,804</u>
Total financial assets	25,829,092	24,416,499
Notes receivable due beyond one year	(178,880)	(197,053)
Cash surrender value of life insurance	(136,876)	(138,098)
Net assets with donor restrictions		
Time and purpose restricted	(23,058,608)	(20,819,853)
Perpetual	<u>(1,470,085)</u>	<u>(1,562,720)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 984,643</u>	<u>\$ 1,698,775</u>

Net assets with donor restrictions are not available for general expenditure. As described in Note 14, 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.

17. LEASES AS LESSOR

The Foundation leases office space to the Phi Kappa Psi Fraternity, Inc. (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, 2022 and 2021 from the Fraternity of \$110,305 and \$108,844, respectively. The Foundation also leases a property to an unrelated housing corporation on a month to month basis and recognized rental income of \$39,600 and \$42,319, respectively, at December 31, 2022 and 2021.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

The Foundation elected the available practical expedients to account for its existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether any expired or existing contracts contain a lease, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs, if any, before transition adjustment would have met the definition of initial direct costs in the new guidance at lease commencement. The Foundation also elected the hindsight practical expedient to determine the lease term for the existing leases. In addition, the Foundation has made a policy election to not separate the lease and non-lease components related to tenant lease agreements, where applicable.

Total rental income under operating leases was \$149,905 and \$151,163 for the years ended December 31, 2022 and 2021, respectively.

Future minimum lease payments due under its lease agreement are as follows as of December 31, 2022:

Year Ending December 31,	
2023	\$ 111,766
2024	113,227
2025	<u>114,687</u>
	<u>\$ 339,680</u>

18. AFFILIATED AND SUBSIDIARY ORGANIZATION TRANSACTIONS

The Foundation and 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, 2022 and 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.

As mentioned in Note 17, 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, 2022 and 2021 from the Fraternity of \$110,305 and \$108,844, respectively.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Future minimum lease payments due from the Fraternity under its lease agreement are as follows as of December 31, 2022:

Year Ending December 31,	
2023	\$ 111,766
2024	113,227
2025	<u>114,687</u>
	<u>\$ 339,680</u>

Annually, both the Fraternity and the Foundation reimburse each other for their proportionate share of personnel costs, janitorial services, voice and data usage, IT services, and other operating expenses, as well as any direct expenses incurred on behalf of the other entity.

Accounts receivable of \$12,514 and \$17,694 are due from the Fraternity at December 31, 2022 and 2021, 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, 2022 and 2021.

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: \$6.9 million retained by the Finance Engine and the remaining \$16.1 million to the unrestricted funds of the Foundation. The policy, according to the current in-force illustration, requires fluctuating annual premium payments, which amounted to \$2,529,690 and \$1,399,314 for the years ended December 31, 2022 and 2021, respectively. The policy had no cash surrender value at December 31, 2022 and 2021.

19. 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 2022 and 2021 were \$58,894 and \$57,123, respectively.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

20. 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 2022 and 2021, 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.

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

	2022	2021
Federal	\$ 38,621	\$ 34,218
State	9,089	8,643
	47,710	42,861
Deferred tax	(145,815)	111,289
	<u>\$ (98,105)</u>	<u>\$ 154,150</u>

21. RISKS AND UNCERTAINTIES

The Foundation's investments (Note 6) and beneficial interest in perpetual trusts (Note 9) 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.

22. 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.

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic and the effects of this pandemic 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 variant viruses. Potential impacts include, but are not limited to, supply chain disruptions,

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

related price increases, shortages of personnel, and delays, loss of or reduction of revenues, contributions and funding, and investment portfolio declines. Management believes the Foundation is taking appropriate actions to respond to post COVID-19 adversities, including variant viruses; however, the full impact is unknown and cannot be reasonably estimated at the date the consolidated financial statements were available to be issued.

23. 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, 2022, one donor made up 27% of gross contributions receivable. At December 31, 2021, one donor made up 13% of gross contributions receivable.

At December 31, 2022, one donor made up 47% of total contributions. There were no such concentrations at December 31, 2021.

At December 31, 2022, two borrowers represent 65% of notes receivable with individual percentages of 32% and 33%. At December 31, 2021, two borrowers represent 65% of notes receivable, with individual percentages ranging from 31% to 34%.

The Foundation's investments (Note 6) 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, 2022 and 2021, two mutual funds represent 34% of total investments, with individual percentages of 17% each, respectively.

SUPPLEMENTARY INFORMATION

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS AND BOARD DESIGNATIONS DECEMBER 31, 2022

Alabama Alpha Chapter Scholarship Fund	\$	22,374
Alabama Beta Chapter Scholarship Fund		2,056
Arizona Alpha Chapter Scholarship Fund		263,920
Arizona Beta Endowed Chapter OneFund		47,018
California Delta Endowed Chapter OneFund		1,989,915
California Epsilon Endowed Chapter OneFund		1,247,417
California Eta Endowed Chapter OneFund		43,642
California Gamma Endowed Chapter OneFund		95,744
California Iota Endowed Chapter OneFund		18,821
California Kappa (J. Robert Meserve) Scholarship Fund		26,908
California Lambda Endowed Chapter OneFund		275,892
California Mu Endowed Chapter OneFund		6,007
California Nu Chapter Scholarship Fund		29,456
California Theta Endowed Chapter OneFund		13,774
California Xi Endowed Chapter OneFund		22,685
California Zeta Chapter Scholarship Fund		1,190
Colorado Alpha Endowed Chapter OneFund		127,010
District of Columbia Alpha Chapter Scholarship Fund		4,327
Florida Alpha (Robert "Bob" L. Foss) Scholarship Fund		8,409
Georgia Alpha Endowed Chapter OneFund		11,388
Georgia Beta Endowed Chapter OneFund		23,933
Houston Alumni Association Chapter Scholarship Fund		23,264
Illinois Alpha Chapter Scholarship Fund		26,222
Illinois Beta Endowed Chapter OneFund		(33)
Illinois Eta Endowed Chapter OneFund		16,685
Illinois Epsilon Endowed Chapter OneFund		49,175
Illinois Iota Chapter Scholarship Fund		5,670
Illinois Theta Endowed Chapter OneFund		22,597
Illinois Zeta (Carlos Navarro) Chapter Scholarship Fund		57,953
Indiana Alpha Endowed Chapter OneFund		208,910
Indiana Beta Endowed Chapter OneFund		111,935
Indiana Delta Chapter Scholarship Fund		193,836
Indiana Epsilon Endowed Chapter OneFund		144,442
Indiana Eta Endowed Chapter OneFund		19,177
Indiana Gamma Endowed Chapter OneFund		62,151
Indiana Theta Endowed Chapter OneFund		7,724
Indiana Zeta Endowed Chapter OneFund		78,705
Iowa Alpha Endowed Chapter OneFund		64,985

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THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS AND BOARD DESIGNATIONS DECEMBER 31, 2022

Iowa Beta Endowed Chapter OneFund	72,835
Kansas Alpha Chapter Scholarship Fund	17,747
Kentucky Beta Endowed Chapter OneFund	42,894
Louisiana Alpha Chapter Scholarship Fund	42,948
Louisiana Beta Endowed Chapter OneFund	25,302
Louisiana Gamma Chapter Scholarship Fund	18,949
Maryland Alpha Endowed Chapter OneFund	444,758
Maryland Gamma Endowed Chapter OneFund	5,560
Massachusetts Beta Endowed Chapter OneFund	24,203
Michigan Alpha (Wolverine) Endowed Chapter OneFund	69,610
Michigan Beta Endowed Chapter OneFund	75,653
Minnesota Beta Endowed Chapter OneFund	343,455
Minnesota Delta Endowed Chapter OneFund	24,596
Minnesota Gamma Endowed Chapter OneFund	11,713
Mississippi Alpha Endowed Chapter OneFund	15,701
Missouri Alpha Chapter Scholarship Fund	188,070
Nebraska Alpha Endowed Chapter OneFund	33,988
Nebraska Beta (Theodore J. Urban) Scholarship Fund	22,137
New Jersey Beta Endowed Chapter OneFund	7,424
New Jersey Delta Endowed Chapter OneFund	16,837
New Jersey Epsilon Chapter Scholarship Fund	22,189
New Jersey Gamma Endowed Chapter OneFund	6,109
New Mexico Alpha Endowed Chapter OneFund	2,293
New York Alpha Chapter Scholarship Fund	77,510
New York Beta Chapter Scholarship Fund	14,954
New York Eta Endowed Chapter OneFund	46,685
New York Iota Chapter Scholarship Fund	2,464
New York Kappa Endowed Chapter OneFund	101,504
New York Theta Endowed Chapter OneFund	85,914
North Carolina Alpha Endowed Chapter OneFund	(35)
North Carolina Beta Endowed Chapter OneFund	12,311
Ohio Alpha Endowed Chapter OneFund	39,420
Ohio Beta Endowed Chapter OneFund	318,736
Ohio Epsilon Endowed Chapter OneFund	226,618
Ohio Eta Chapter Scholarship Fund	12,763
Ohio Iota Endowed Chapter OneFund	8,138
Ohio Lambda Endowed Chapter OneFund	68,933
Ohio Mu Endowed Chapter OneFund	65,122

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THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS AND BOARD DESIGNATIONS DECEMBER 31, 2022

Ohio Nu Endowed Chapter OneFund	2,945
Ohio Theta Endowed Chapter OneFund	12,575
Ohio Xi Endowed Chapter OneFund	21,026
Ohio Zeta Endowed Chapter OneFund	39,308
Oklahoma Alpha Endowed Chapter OneFund	35,109
Oregon Alpha Chapter Scholarship Fund	29,040
Oregon Beta Endowed Chapter OneFund	206,063
Pennsylvania Alpha Chapter Scholarship Fund	10,161
Pennsylvania Beta Endowed Chapter OneFund	110,801
Pennsylvania Epsilon Endowed Chapter OneFund	88,955
Pennsylvania Eta Chapter Scholarship Fund	31,595
Pennsylvania Gamma Endowed Chapter OneFund	64,899
Pennsylvania Iota Chapter Scholarship Fund	42,196
Pennsylvania Lambda Endowed Chapter OneFund	29,450
Pennsylvania Nu Chapter Scholarship Fund	35,099
Pennsylvania Phi Chapter Scholarship Fund	5,106
Pennsylvania Pi Endowed Chapter OneFund	183
Pennsylvania Rho Endowed Chapter OneFund	9,018
Pennsylvania Sigma Chapter Scholarship Fund	4,546
Pennsylvania Tau Endowed Chapter OneFund	2,051
Pennsylvania Theta Endowed Chapter OneFund	379
Pennsylvania Upsilon Endowed Chapter OneFund	7,337
Pennsylvania Xi Endowed Chapter OneFund	2,086
Pennsylvania Zeta Endowed Chapter OneFund	2,466
Rhode Island Alpha Chapter Scholarship Fund	30,804
Rhode Island Beta Chapter Scholarship Fund	118,479
Tennessee Delta (Graham G. Stone Memorial) Scholarship Fund	22,089
Tennessee Epsilon Chapter Scholarship Fund	57,977
Texas Beta Endowed Chapter OneFund	125,187
Texas Epsilon Endowed Chapter OneFund	11,704
Texas Gamma Chapter Scholarship Fund	11,427
Texas Zeta Endowed Chapter OneFund	8,014
Virginia Alpha Endowed Chapter OneFund	16,966
Virginia Zeta Endowed Chapter OneFund	10,154
Washington Alpha Chapter Scholarship Fund	422,517
West Virginia Alpha Endowed Chapter OneFund	126,500
Wisconsin Gamma Chapter Scholarship Fund	88,098
Ohio Omicron Chapter Scholarship Fund	2,771

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SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS AND BOARD DESIGNATIONS DECEMBER 31, 2022

Virginia Eta Endowed Chapter OneFund	3,762
Indiana Iota Endowed Chapter OneFund	2,738
Delaware Alpha Chapter Scholarship Fund	6,240
Arkansas Alumni Association Chapter Scholarship Fund	46,992
Alabama Gamma Endowed Chapter OneFund	91
Ohio Kappa Chapter Scholarship Fund	81
Maryland Delta Endowed Chapter OneFund	326
California Epsilon Chapter Housing Fund	2,152
California Gamma Chapter Housing Fund	70,330
California Kappa Chapter Housing Fund	39,474
Indiana Alpha Chapter Housing Fund	165,654
Indiana Beta Chapter Housing Fund	(915)
Indiana Delta Chapter Housing Fund	2,010
Iowa Beta Chapter Housing Fund	1,003,230
Oregon Beta Chapter Housing Fund	10,022
Tennessee Delta Chapter Housing Fund	39,552
Virginia Beta (1855) Chapter Housing Fund	229
California Eta Chapter Housing Fund	33,816
Illinois Delta Chapter Housing Fund	5,560
Ohio Nu Chapter Housing Fund	6,465
Texas Gamma Chapter Housing Fund	21,414
Georgia Alpha Chapter Housing Fund	2,743
Indiana Epsilon Chapter Housing Fund	162,936
Ohio Lambda Chapter Housing Fund	26,952
Louisiana Alpha Chapter Housing Fund	63,572
Virginia Zeta Chapter Housing Fund	705
Mississippi Alpha Chapter Housing Fund	214,244
West Virginia Alpha Chapter Housing Fund	146,739
Oklahoma Alpha Chapter Housing Fund	15,909
Washington Alpha Housing Fund	161,056
Virginia Alpha Chapter Housing Fund	118,951
Massachusetts Beta Chapter Housing Fund	14,557
Ohio Delta (Honors Lodge) Chapter House Operating Fund	117
Pennsylvania Theta Chapter House Operating Fund	225,975
Ohio Delta (Chapter House) Chapter House Operating Fund	15,395
Indiana Delta Chapter House Operating Fund	81,606
Virginia Beta (1855) Chapter House Operating Fund	18,029
Tennessee Delta Chapter House Operating Fund	684

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THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS AND BOARD DESIGNATIONS DECEMBER 31, 2022

Washington Alpha Chapter House Operating Fund	456
Pennsylvania Lambda Chapter House Operating Fund	172,154
Indiana Epsilon (Donald V. Fites) Endowed Chapter OneFund	82,063
Virginia Beta (Jerry Nelson) Mentor Scholarship Fund	88,377
Indiana Beta (Reach For Excellence) Grant Fund	23,067
Excellence in Advising Grant Fund	43,066
Gordon S. Letterman Scholarship Fund	6,709
Nebraska Alpha (Walter & Virginia Henrion) Fellowship Fund	181,988
Terrence "Terry" G. Harper Fellowship Fund	46,740
William H. Blanning Scholarship Fund	156,399
Health & Wellness Fund	299
Mississippi Alpha (Christopher J. Grimaud) Scholarship Fund	27,384
Schroeder Scholarship Fund	52,461
Shane Yates Fellowship Fund	40,676
Louisiana Alpha Chapter Fellowship Fund	24,918
Nebraska Alpha (Dan Cook) Fellowship Fund	45,182
Scott Sutton Memorial Fund	1,152
California Delta (Brensike - McMahan) Scholarship Fund	31,440
Phi Kappa Psi Pride Scholarship Fund	45,796
California Epsilon (James N. Harger) Engineering Sch. Fund	34,282
Iowa Beta (Paul T. Troupe) Emerging Leaders Scholarship Fund	63,356
Michigan Alpha (Michael R. Etzioni) Scholarship Fund	31,886
California Delta (Benton H. Lamson) Scholarship Fund	46,271
California Epsilon (Scott C. Thomas) Scholarship Fund	40,882
Illinois Delta (C.F. "Dab" Williams) Scholarship Fund	88,908
Illinois Delta (Stephen W. Acheson) Scholarship Fund	54,652
Indiana Beta (Bradley L. Henninger) Scholarship Fund	105,538
Iowa Alpha (Michael D. Junker) Scholarship Fund	34,345
Kansas Alpha (Riley) Scholarship Fund	25,948
Michigan Beta (Charles & Estelle Williams) Scholarship Fund	380,593
Nebraska Alpha (Robert E. Hamilton) Scholarship Fund	44,123
Nebraska Alpha (Western Nebraska) Scholarship Fund	18,336
Ohio Delta (Howard L. Hamilton) Scholarship Fund	62,213
Ohio Delta (Manning D. Webster) Scholarship Fund	58,123
Ohio Delta (Norman "Norm" M. Spain) Scholarship Fund	43,459
Ohio Delta (William "Mil" M. Batten) Scholarship Fund	41,825
Ohio Epsilon (Medical Education) Scholarship Fund	3,887
Ohio Theta (Helen B. Smith) Scholarship Fund	10,394
Ohio Theta (Jerry & Terrie Dunlap) Scholarship Fund	30,586
Oklahoma Alpha (Wittrock) Scholarship Fund	16,069

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THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS AND BOARD DESIGNATIONS DECEMBER 31, 2022

Oregon Alpha (Hugh B. Oliphant) Scholarship Fund	49,176
Oregon Alpha (Maurice "Mo" J. Warnock) Scholarship Fund	93,439
Oregon Alpha (Maurice O'Callaghan) Scholarship Fund	26,371
Rhode Island Alpha (Clayton C. Dovey III) Scholarship Fund	2,100
Texas Alpha (Derrick A. Eakin Memorial) Scholarship Fund	15,172
Texas Alpha (Longview) Scholarship Fund	105,864
Texas Alpha (Paul A. Cox Memorial) Scholarship Fund	14,651
Texas Alpha (St. Tacky) Scholarship Fund	63,109
Virginia Beta (C. Stephen Leonard) Scholarship Fund	115,386
Virginia Beta (George S. Lantzas) Scholarship Fund	59,297
Virginia Zeta (Willow Creek/Philpott) Scholarship Fund	1,509
Ohio Delta (George S. Frost) Scholarship Fund	1,149,369
New York Theta (Brian D. Bauer) Scholarship Fund	32,624
California Epsilon (James L. Tigner Jr.) Scholarship Fund	184,431
Pennsylvania Iota (Correia) Scholarship Fund	56,969
Iowa Beta (Bill & Lindy Good) Chapter Scholarship Fund	120,128
Washington Alpha (Douglas A. Hora) Chapter Scholarship Fund	27,173
New York Beta (Hunter Brooks Watson) Scholarship Fund	80,487
California Beta Chapter Scholarship Fund	82,339
Pennsylvania Theta Chapter Scholarship Fund	369,365
Texas Alpha (Centennial) Scholarship Fund	259,160
Pennsylvania Theta (Dr. David Veshosky) Fund	83
Colorado Alpha (Connor Thomson) Scholarship Fund	103,089
Iowa Beta (Kyle L Goodell) Spirit Scholarship Fund	22,409
WV Alpha (Seth Underwood) Memorial Scholarship Fund	5,720
Tennessee Delta H. Fort Flowers Educational Fund	3,005,152
Leadership & Member Development Fund	27,415
Ohio Delta (J. Gilbert Reese) Chapter Scholarship Fund	909,973
Watkins Christian Scholarship Fund	142,673
Ohio Lambda Leadership Character Strengthening Fund	31,665
Indiana Beta (William E. Young Trust) Scholarship Fund	15,439
Alabama Alpha Chapter Leadership Fund	3,633
Alabama Beta Chapter Leadership Fund	651
Alabama Gamma Chapter OneFund	112
Arizona Alpha Chapter Leadership Fund	599
Arizona Beta Chapter OneFund	186
California Delta Chapter OneFund	54,023
California Epsilon Chapter OneFund	132,003
California Eta Chapter OneFund	(980)
California Gamma Chapter OneFund	836

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THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS AND BOARD DESIGNATIONS DECEMBER 31, 2022

California Iota Chapter OneFund	1,086
California Kappa Chapter Leadership Fund	640
California Lambda Chapter OneFund	356
California Mu Chapter OneFund	20
California Theta Chapter OneFund	1,694
California Xi Chapter OneFund	2,414
Colorado Alpha Chapter OneFund	3,472
Delaware Alpha Chapter Leadership Fund	141
District of Columbia Alpha Chapter Leadership Fund	503
Florida Alpha Chapter Leadership Fund	1,449
Georgia Alpha Chapter OneFund	6,568
Georgia Beta Chapter OneFund	4,209
Illinois Alpha Chapter Leadership Fund	469
Illinois Delta Chapter Leadership Fund	2,014
Illinois Epsilon Chapter OneFund	89
Illinois Eta Chapter OneFund	583
Illinois Iota Chapter Leadership Fund	47
Illinois Theta Chapter OneFund	102
Illinois Zeta Chapter Leadership Fund	1,022
Indiana Alpha Chapter OneFund	37,011
Indiana Beta Chapter OneFund	(89)
Indiana Delta Chapter Leadership Fund	45,152
Indiana Epsilon Chapter OneFund	16,540
Indiana Eta Chapter OneFund	1,283
Indiana Gamma Chapter OneFund	4,865
Indiana Iota Chapter OneFund	1,422
Indiana Theta Chapter OneFund	1,320
Indiana Zeta Chapter OneFund	12,610
Iowa Alpha Chapter OneFund	430
Iowa Beta Chapter OneFund	5,204
Kansas Alpha Chapter Leadership Fund	8,393
Kentucky Beta Chapter OneFund	105
Louisiana Alpha Chapter Leadership Fund	2,119
Louisiana Beta Chapter OneFund	434
Louisiana Gamma Chapter Leadership Fund	489
Maryland Alpha Chapter OneFund	549
Maryland Gamma Chapter OneFund	301
Massachusetts Beta Chapter OneFund	8
Michigan Alpha Chapter OneFund	27,127
Michigan Beta Chapter OneFund	5,055
Minnesota Beta Chapter OneFund	11,799
Minnesota Delta Chapter OneFund	5,967

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THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS AND BOARD DESIGNATIONS DECEMBER 31, 2022

Minnesota Gamma Chapter OneFund	248
Mississippi Alpha Chapter OneFund	499
Missouri Alpha Chapter Leadership Fund	1,065
Nebraska Alpha Chapter OneFund	688
Nebraska Beta Chapter Leadership Fund	25
New Jersey Beta Chapter OneFund	413
New Jersey Delta Chapter OneFund	1,408
New Jersey Epsilon Chapter Leadership Fund	726
New Jersey Gamma Chapter OneFund	915
New York Alpha Chapter Leadership Fund	131
New York Beta Chapter Leadership Fund	35,962
New York Eta Chapter OneFund	2,225
New York Iota Chapter Leadership Fund	59
New York Kappa Chapter OneFund	4,489
New York Theta Chapter OneFund	1,585
North Carolina Beta Chapter OneFund	464
Ohio Alpha Chapter OneFund	156
Ohio Beta Chapter OneFund	2,391
Ohio Delta Chapter Leadership Fund	53,020
Ohio Epsilon Chapter OneFund	11,064
Ohio Eta Chapter Leadership Fund	685
Ohio Iota Chapter OneFund	2,923
Ohio Kappa Chapter Leadership Fund	56
Ohio Lambda Chapter OneFund	683
Ohio Mu Chapter OneFund	432
Ohio Nu Chapter OneFund	427
Ohio Omicron Chapter Leadership Fund	372
Ohio Theta Chapter OneFund	13,808
Ohio Xi Chapter OneFund	157
Ohio Zeta Chapter OneFund	782
Oklahoma Alpha Chapter OneFund	3,153
Oregon Alpha Chapter Leadership Fund	754
Oregon Beta Chapter OneFund	4,792
Pennsylvania Alpha Chapter Leadership Fund	1,120
Pennsylvania Beta Chapter OneFund	63,873
Pennsylvania Epsilon Chapter OneFund	551
Pennsylvania Eta Chapter Leadership Fund	1,532
Pennsylvania Iota Chapter Leadership Fund	948
Pennsylvania Lambda Chapter OneFund	3,738
Pennsylvania Nu Chapter Leadership Fund	305
Pennsylvania Phi Chapter Leadership Fund	365

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THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS AND BOARD DESIGNATIONS DECEMBER 31, 2022

Pennsylvania Rho Chapter OneFund	497
Pennsylvania Upsilon Chapter OneFund	459
Pennsylvania Xi Chapter OneFund	502
Pennsylvania Zeta Chapter OneFund	18
Rhode Island Alpha Chapter Leadership Fund	(56)
Rhode Island Beta Chapter Leadership Fund	587
Tennessee Delta Chapter Leadership Fund	14,221
Tennessee Epsilon Chapter Leadership Fund	579
Texas Beta Chapter OneFund	584
Texas Epsilon Chapter OneFund	2,017
Texas Gamma Chapter Leadership Fund	100
Texas Zeta Chapter OneFund	332
Virginia Alpha Chapter OneFund	183,810
Virginia Beta Chapter Leadership Fund	6,229
Virginia Theta Chapter OneFund	762
Virginia Zeta Chapter OneFund	319
Washington Alpha Chapter Leadership Fund	3,192
West Virginia Alpha Chapter OneFund	3,297
Wisconsin Gamma Chapter Leadership Fund	1,227
California Zeta Chapter Leadership Fund	90
Maryland Delta Chapter OneFund	4,425
Ohio Pi Chapter OneFund	206
California Beta Chapter Leadership Fund	10,717
Pennsylvania Theta Non-Endowed Chapter Leadership Fund	5,157
Texas Alpha Non-Endowed Chapter Leadership Fund	404
General Chapter OneFund	408
California Beta Endowed Chapter Leadership Fund	41,519
Pennsylvania Theta Endowed Chapter Leadership Fund	76,497
Tennessee Delta Endowed Chapter Leadership Fund	28,209
Jerry Nelson Scholarship Fund	36,161
Philip M. Cornelius Scholarship Fund	34,571
Ralph D. Daniel Scholarship Fund	79,291
Ruddick C. Lawrence Scholarship Fund	103,692
Frederick and Sharon Hegele Leadership and Service Fund	54,381
Museum & Archives Fund	11,773
Ruth Lilly Operating Fund	401,853
Interest in Summerfield Foundation	402,000
Phi Psi Friendship Fund	324
Texas Alpha Board Designated Scholarship Fund	248,929
McMahan Board Designated Operating Endowment	61,586

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