

**Saginaw Alumnae Chapter
Delta Sigma Theta Sorority, Inc.**

Saginaw, Michigan

Financial Statements

June 30, 2019



SMITH & KLACZKIEWICZ, PC
CERTIFIED PUBLIC ACCOUNTANTS

Saginaw Alumnae Chapter Delta Sigma Theta Sorority, Inc.

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A VETERAN OWNED BUSINESS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of the
Saginaw Alumnae Chapter of
Delta Sigma Theta Sorority, Inc.
Saginaw, Michigan

We have reviewed the accompanying financial statements of the *Saginaw Alumnae Chapter of Delta Sigma Theta Sorority, Inc.* (a nonprofit organization), which comprise the statement of financial position - cash basis as of June 30, 2019, and the related statements of activities - cash basis, cash flows - cash basis and functional expenses - cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

Adoption of New Accounting Standard

As described in Note 5 to the financial statements, the *Saginaw Alumnae Chapter of Delta Sigma Theta Sorority, Inc.* changed its method of accounting for net assets and functional expenses in 2019 as required by the provisions of FASB Accounting Standards Update 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Smith + Klaczkiwicz PC

Saginaw, Michigan
July 26, 2019

**Saginaw Alumnae Chapter
Delta Sigma Theta Sorority, Inc.**
Statement of Financial Position - Cash Basis
June 30, 2019

Assets	
Cash and cash equivalents	<u>\$ 20,572</u>
Net assets	
Without donor restrictions:	
General operating	\$ 9,253
Scholarship	5,600
Del Sprites	<u>5,719</u>
Total net assets	<u>\$ 20,572</u>

See accountant's review report.

**Saginaw Alumnae Chapter
Delta Sigma Theta Sorority, Inc.**

Statement of Activities - Cash Basis

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public support			
Grants and contributions	\$ -	\$ 1,800	\$ 1,800
Revenue			
Chapter dues	9,255	-	9,255
Membership intake	820	-	820
Fundraising and sales	34,060	5,000	39,060
Other revenue	204	-	204
Total public support and revenue	44,339	6,800	51,139
Expenses			
Program services	3,635	6,800	10,435
Supporting services	13,808	-	13,808
Fundraising	27,382	-	27,382
Total expenses	44,825	6,800	51,625
Public support and revenue over (under) expenses	(486)	-	(486)
Other changes in net assets			
National dues and fees received	-	8,930	8,930
National dues and fees paid	-	(8,930)	(8,930)
Change in net assets	(486)	-	(486)
Net assets - beginning of the year	21,058	-	21,058
Net assets - end of the year	\$ 20,572	\$ -	\$ 20,572

See accountant's review report.

**Saginaw Alumnae Chapter
Delta Sigma Theta Sorority, Inc.**

Statement of Cash Flows

For the Year Ended June 30, 2019

Cash flows from operating activities	
Change in net assets / net cash provided by (used in) operating activities	\$ (486)
Cash - beginning of year	<u>21,058</u>
Cash - end of year	<u><u>\$ 20,572</u></u>

See accountant's review report.

**Saginaw Alumnae Chapter
Delta Sigma Theta Sorority, Inc.**
Statement of Functional Expenses - Cash Basis
For the Year Ended June 30, 2019

	Program Services	Supporting Services	Fundraising	Total
Activities	\$ 714	\$ -	\$ 54	\$ 768
Advertisements	-	420	-	420
Awards	459	-	684	1,143
Bereavement	119	-	-	119
Chapter book	-	713	-	713
Contractual services	-	650	997	1,647
Decorations	-	-	868	868
Entertainment	125	-	1,145	1,270
Equipment	-	452	620	1,072
Ernestine Mack-Clark Delt	-	-	1,235	1,235
Fees	-	89	-	89
Food	1,525	794	10,739	13,058
Gifts	647	-	287	934
Graphic design	-	159	-	159
Green fees	-	-	1,080	1,080
Hosting / domain	-	270	-	270
Illnesses	284	-	-	284
Insurance	150	950	517	1,617
Lodging	-	2,047	-	2,047
Memberships	200	170	-	370
Operating cost	-	-	240	240
Pageant attire	-	-	853	853
Pictures	-	-	550	550
Postage, printing and publishing	343	922	3,971	5,236
Project donations	-	49	-	49
Registration	-	1,715	-	1,715
Rental	-	1,444	2,798	4,242
Scholarships	5,000	-	-	5,000
Security	-	-	201	201
Stage technician	-	-	175	175
Supplies	275	1,495	368	2,138
Symposium	594	-	-	594
Travel	-	1,469	-	1,469
Total	<u>\$ 10,435</u>	<u>\$ 13,808</u>	<u>\$ 27,382</u>	<u>\$ 51,625</u>

See accountant's review report.

Saginaw Alumnae Chapter Delta Sigma Theta Sorority, Inc.

Notes to Financial Statements

For the Year Ended June 30, 2019

Note 1 - Organization

The *Saginaw Alumnae Chapter Delta Sigma Theta Sorority, Inc.* (the “Chapter”) was incorporated October 28, 1967. The principal purposes and aims of this public service organization are cultural and educational: to establish, maintain and encourage high cultural, intellectual and moral standards among its members, to engage in public service programs and to promote and encourage achievement in education, by granting scholarships and other assistance, in accordance with its National Constitution and By-laws.

The Chapter is a not-for-profit organization, exempt from Federal income taxes under Section 501(c)(7) of the Internal Revenue Code and is exempt from similar State and local taxes. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

Note 2 – Significant Accounting Policies

The accounting policies of the Chapter conform to the cash basis of accounting, an other comprehensive basis of accounting (OCBOA). Following is a summary of the significant policies.

Financial Statement Presentation

Method of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting, and accordingly do not reflect capital assets, receivables, payables or other assets or liabilities. Under the cash basis accounting, revenues are recognized when received and expenses are recognized when paid.

Cash and Cash Equivalents

The Chapter’s cash and cash equivalents consist of cash on hand, time deposits (held by the Delta Research and Education Foundation on behalf of the Chapter), demand deposits (checking accounts) and unexpended gift cards. For purposes of the Statement of Cash Flows, the Chapter considers all of the aforementioned items to be cash equivalents.

Contributions

All contributions are considered to be without restrictions, unless specifically restricted by the donor. The Chapter reports gifts of cash and other assets as with restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, expenses with donor restrictions are reported.

Revenue Recognition

All Chapter dues, membership fees, fundraising proceeds and other funds received for the Chapter are reported as unrestricted revenue when received, regardless of the assessment year.

Other Changes in Net Assets

Saginaw Alumnae Chapter Delta Sigma Theta Sorority, Inc.

Notes to Financial Statements

For the Year Ended June 30, 2019

National dues, per-capita fees and intake fees that the Chapter collects on behalf of, and remits to the National Chapter is considered pass-through activity and is accounted for as other changes in net assets.

Net Assets

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

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The following net assets are without donor restrictions:

General Operating – Reflects assets held for the general operations of the Chapter

Scholarship – Reflects assets that the Chapter Board has designated that may only be expended for scholarship awards

Del Sprites – Reflects assets that the Chapter Board has designated that may only be expended for youth activities and operations that support the Del Sprite Youth Group

Net Assets with Donor Restrictions

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

Functional Allocation of Expenses

The costs of providing various program related services supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between program and supporting services based upon management's specific identification of the functional expenses.

Note 3 – Concentrations

Chapter dues and fundraising revenue accounted for approximately 18% and 76% respectively of the Chapter's revenue during the year. If a significant reduction in the level of these revenue sources were to occur, the Chapter's programs and activities could be affected.

Saginaw Alumnae Chapter Delta Sigma Theta Sorority, Inc.

Notes to Financial Statements

For the Year Ended June 30, 2019

Note 4 – Uncertainty for Income Taxes

The Chapter evaluated the provision of ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. The evaluation was performed for the years 2013 through 2018, the years which remain subject to examination by major tax jurisdiction as of year-end. The Chapter concluded that there are no significant uncertain tax positions requiring recognition in the Chapter's financial statements. The Chapter does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly increase or decrease in the next twelve months. The Chapter does not have any amounts accrued for interest and penalties related to UTBs at year-end and it is not aware of any claims for such amounts by Federal or State income tax authorities.

Note 5 – Change in Accounting Principle

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Chapter has adjusted the presentation of these financial statements accordingly.

Note 6 – Liquidity and Availability of Resources

The Chapter's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$ <u>20,572</u>
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As part of the Chapter's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 7 – Fundraising Revenue

The Chapter generated \$27,382 from special events fundraising activities during the year.

Note 8 – Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2019, the most recent Statement of Financial Position presented herein, through the date these financial statements were available to be issued; July 26, 2019. No significant such events or transactions were identified.

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