
Gamma Phi Beta Foundation

Financial Report
July 31, 2025

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Independent Auditor's Report

To the Board of Trustees
Gamma Phi Beta Foundation

Opinion

We have audited the financial statements of Gamma Phi Beta Foundation (the "Foundation"), which comprise the statement of financial position as of July 31, 2025 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of July 31, 2025 and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Trustees
Gamma Phi Beta Foundation

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 financial statements.
- Conclude whether, in our judgment, 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Plante & Moran, PLLC

December 18, 2025

Statement of Financial Position

July 31, 2025
(with summarized comparative totals for July 31, 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash	\$ 501,813	\$ 693,501
Contributions receivable - Net	440,144	207,155
Prepaid expenses	17,110	28,105
Investments	<u>21,006,416</u>	<u>19,206,773</u>
Total assets	<u>\$ 21,965,483</u>	<u>\$ 20,135,534</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 64,713	\$ 39,548
Accounts payable - Sorority	<u>90,952</u>	<u>152,350</u>
Total liabilities	155,665	191,898
Net Assets		
Without donor restrictions	428,471	440,832
With donor restrictions	<u>21,381,347</u>	<u>19,502,804</u>
Total net assets	<u>21,809,818</u>	<u>19,943,636</u>
Total liabilities and net assets	<u>\$ 21,965,483</u>	<u>\$ 20,135,534</u>

Gamma Phi Beta Foundation

Statement of Activities and Changes in Net Assets

Year Ended July 31, 2025
(with summarized comparative totals for the year ended July 31, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue, Gains, and Other Support				
Contributions	\$ 771,321	\$ 1,208,514	\$ 1,979,835	\$ 1,365,024
Contributions for Girls on the Run	-	674,282	674,282	773,751
Investment return - Net	13,874	1,867,791	1,881,665	1,987,964
Other revenue	327,126	-	327,126	257,471
Net assets released from restrictions	1,872,044	(1,872,044)	-	-
Total revenue, gains, and other support	2,984,365	1,878,543	4,862,908	4,384,210
Expenses				
Program services:				
Philanthropy	743,148	-	743,148	835,564
Financial aid	757,735	-	757,735	477,320
Educational and leadership development	595,850	-	595,850	553,468
Convention and conferences	5,713	-	5,713	92,440
Total program services	2,102,446	-	2,102,446	1,958,792
Support services:				
General administration	589,588	-	589,588	857,552
Development	304,692	-	304,692	287,848
Total support services	894,280	-	894,280	1,145,400
Total expenses	2,996,726	-	2,996,726	3,104,192
(Decrease) Increase in Net Assets	(12,361)	1,878,543	1,866,182	1,280,018
Net Assets - Beginning of year	440,832	19,502,804	19,943,636	18,663,618
Net Assets - End of year	\$ 428,471	\$ 21,381,347	\$ 21,809,818	\$ 19,943,636

Statement of Functional Expenses

Year Ended July 31, 2025
(with summarized comparative totals for the year ended July 31, 2024)

	Program Services					Support Services			2025	2024
	Philanthropy	Financial Aid	Educational and Leadership Development	Convention and Conferences	Total	General Administration	Development	Total		
Personnel	\$ 44,426	\$ 44,426	\$ 202,068	\$ 3,680	\$ 294,600	\$ 253,038	\$ 188,844	\$ 441,882	\$ 736,482	\$ 699,163
Supplies	-	-	-	34	34	1,199	-	1,199	1,233	6,563
Postage and shipping	-	-	-	-	-	930	116	1,046	1,046	1,657
Stationary and copying	-	-	-	-	-	523	19	542	542	1,295
Dues and subscriptions	-	-	-	-	-	1,773	1,750	3,523	3,523	2,756
Meals and food allowance	-	-	-	-	-	10,445	4,630	15,075	15,075	10,560
Web-based software subscriptions	8,159	8,159	8,159	1,999	26,476	12,613	49,837	62,450	88,926	49,550
Professional services	10,342	10,342	33,171	-	53,855	65,259	33,171	98,430	152,285	424,242
Insurance	-	-	-	-	-	35,300	-	35,300	35,300	33,969
Grants	650,970	516,438	274,177	-	1,441,585	71,212	-	71,212	1,512,797	1,298,570
Bank and finance charges	-	-	-	-	-	18,440	-	18,440	18,440	20,929
Administration fees	29,251	178,370	77,007	-	284,628	15,500	-	15,500	300,128	236,033
Filing fees	-	-	-	-	-	10,443	-	10,443	10,443	11,155
Publications	-	-	-	-	-	-	1,463	1,463	1,463	-
Special and group events	-	-	-	-	-	129	584	713	713	-
Marketing	-	-	-	-	-	-	192	192	192	205
Events	-	-	-	-	-	4,246	558	4,804	4,804	81,163
Travel	-	-	-	-	-	34,236	21,589	55,825	55,825	64,379
Bad debt	-	-	-	-	-	50,865	-	50,865	50,865	151,090
Giveaways	-	-	1,268	-	1,268	170	1,522	1,692	2,960	6,434
Seminars and training	-	-	-	-	-	3,267	417	3,684	3,684	4,479
Total functional expenses	\$ 743,148	\$ 757,735	\$ 595,850	\$ 5,713	\$ 2,102,446	\$ 589,588	\$ 304,692	\$ 894,280	\$ 2,996,726	\$ 3,104,192

Statement of Cash Flows

Year Ended July 31, 2025
(with summarized comparative totals for the year ended July 31, 2024)

	2025	2024
Cash Flows from Operating Activities		
Increase in net assets	\$ 1,866,182	\$ 1,280,018
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Net realized and unrealized gain on investments	(1,451,116)	(1,519,909)
Provision for uncollectible receivables	50,865	151,090
Donated investments	-	(187,902)
Contributions restricted for long-term purposes	(495,403)	(83,962)
Changes in operating assets and liabilities that provided (used) cash:		
Other receivables	-	35,692
Contributions receivable	(283,854)	68,127
Prepaid expenses	10,995	31,039
Accounts payable and accrued expenses	25,165	7,621
Accounts payable - Sorority	(61,398)	14,614
Net cash used in operating activities	(338,564)	(203,572)
Cash Flows from Investing Activities		
Proceeds from sale of investments	1,624,052	4,117,095
Purchases of investments	(1,972,579)	(4,330,447)
Net cash used in investing activities	(348,527)	(213,352)
Cash Flows Provided by Financing Activities - Proceeds from contributions restricted for long-term investment	495,403	83,962
Net Decrease in Cash	(191,688)	(332,962)
Cash - Beginning of year	693,501	1,026,463
Cash - End of year	\$ 501,813	\$ 693,501

July 31, 2025

Note 1 - Nature of Business

Gamma Phi Beta Foundation (the "Foundation"), established in 1959, is a nonprofit 501(c)(3) organization whose mission is to support Gamma Phi Beta and her members who have scholarship, leadership, philanthropic, and emergency needs through successful fundraising and stewardship. The Foundation provides charitable and educational funding for leadership development provided through Gamma Phi Beta Sorority, Inc. (the "Sorority"); financial aid for members in the form of graduate fellowships, undergraduate scholarships, and emergency loyalty grants; and philanthropic opportunities that inspire the female leaders of tomorrow. The majority of the Foundation's support and revenue is derived from member contributions and investment income. The International Council of the Sorority appoints the chair of the Foundation's board of trustees. Two representatives of the International Council, including the international president, serve as trustees.

Description of Program and Support Activities

The Foundation's activities include the following program and support services:

Building Strong Girls (Philanthropy)

The Foundation supports the fundraising efforts of the Sorority's collegiate and alumnae chapters, which give to the Sorority's philanthropic focus, Building Strong Girls. The Foundation grants fund donations to the Sorority's national nonprofit partners and local nonprofit organizations that align with the Sorority's philanthropic focus and mission to provide experiences and resources that build spiritual, mental, and social resiliency in girls.

Financial Aid

Based on scholastic achievement, financial need, and commitment to the community and the Sorority, the Foundation provides scholarships to young women for undergraduate study, fellowships for graduate study, and loyalty grants for women who are experiencing unforeseen, extreme financial challenges created by a health crisis, natural disaster, or other unexpected life circumstances.

Educational and Leadership Development

The Foundation is building tomorrow's leaders by making grants for educational and leadership training to build self-esteem, confidence, and life skills in women. The Foundation also makes grants to collegiate chapters and house corporations to support the educational portion of chapter housing.

Convention and Conferences

During the Sorority's biennial convention and annual leadership conferences, the Foundation educates sorority members about the Foundation's purposes, goals, and services.

Development

The Foundation raises funds to provide resources for the Sorority's leadership programs, international philanthropy, and financial aid and loyalty grants to members.

General Administration

The Foundation provides overall direction, general bookkeeping, business management, general public relations, and more.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Cash Equivalents

The Foundation considers all investments with an original maturity of three months or less when purchased to be cash equivalents unless held in the investment portfolio. The Foundation maintains cash balances in multiple bank accounts. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation evaluates the financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits.

Investments and Investment Return

Investments in money market mutual funds and equity and debt securities are reported at fair value. Investment return includes dividends, interest, investment management fees, and unrealized and realized gains and losses.

Endowed funds use an investment pool approach, under which each restricted-purpose endowment has a specific unit interest based on its capital contributions to the pool. Income earned in the pool is allocated to unrestricted funds for general operations and to the individual endowments in proportion to the unit interests. Gains and losses from the sale of pooled investments and unrealized gains and losses on investments held are allocated in the same manner.

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that change in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

The Foundation's policy specifies a minimum threshold of \$30,000 for undergraduate endowments and \$50,000 for all other endowments, which must be met by donors in order to establish an endowment fund. Endowment funds of less than those minimum thresholds will be considered net assets with donor restrictions for time. When the endowment fund balances reach \$30,000 for undergraduate endowments and \$50,000 for all other endowments, the fund will be considered net assets with donor restrictions to be held in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

July 31, 2025

Note 2 - Significant Accounting Policies (Continued)

Contributions

Unconditional promises to give cash and other assets to the Foundation are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor 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 the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Contributions of marketable securities are recorded at fair value as of the date of the gift.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). However, the Foundation is subject to federal income tax on any unrelated business taxable income.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The majority of costs are charged directly to the program or support service benefited by the activity. Personnel costs have been allocated based on the time and effort expended on each activity. If not charged directly, facility costs are allocated based on the use of the space. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Summarized Comparative Information

The financial information presented for comparative purposes for the year ended July 31, 2024 is not intended to be a complete financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's 2024 financial statements, from which the summarized information was derived.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 18, 2025, which is the date the financial statements were available to be issued.

July 31, 2025

Note 3 - Liquidity and Availability of Resources

The following reflects the Foundation's financial assets as of July 31, 2025, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

Cash	\$ 501,813
Contributions receivable	440,144
Investments	<u>21,006,416</u>
Financial assets - At year end	21,948,373
Less those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions	21,381,347
Board designations	<u>141,999</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 425,027</u></u>

The Foundation has a goal to maintain cash on hand to meet 60 days of normal operating expenses, which average approximately \$500,000 at July 31, 2025. Operating expenses consist primarily of administrative and development costs. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 4 - Contributions Receivable

Contributions receivable consisted of the following at July 31, 2025:

Amounts due in:	
Less than one year	\$ 188,184
One to five years	280,973
Thereafter	3,274
Less allowance for uncollectible accounts and unamortized discount	<u>(32,287)</u>
Total	<u><u>\$ 440,144</u></u>

Note 5 - Investments and Investment Return

Investments at July 31, 2025 consisted of the following:

Money market mutual funds	\$ 215,391
Equity securities	14,276,462
Fixed-income funds	<u>6,514,563</u>
Total	<u><u>\$ 21,006,416</u></u>

Total investment return is composed of the following:

Interest and dividends income	\$ 507,118
Net realized and unrealized gains	1,451,116
Less investment fees	<u>(76,569)</u>
Total	<u><u>\$ 1,881,665</u></u>

Note 6 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Note 6 - Fair Value Measurements (Continued)

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Foundation measures its investments disclosed in Note 5 at fair value on a recurring basis based on Level 1 inputs, as described above.

Note 7 - Margin Account

A margin account was established with an investment broker during 2018 to provide flexibility in cash flow management. The Foundation has available borrowings up to 50 percent of the total value of the investments held with the investment broker. There is no maturity or payoff requirement. Interest varies depending on the size of the loan, ranging from the bank’s prime rate plus 0.50 percent to the federal funds rate plus 0.50 percent, which were 8.00 percent and 4.8 percent, respectively, at July 31, 2025. Interest is payable monthly. There have been no borrowings on the margin account since the original outstanding balance was paid in full in 2019. In December 2025, subsequent to the fiscal year end, the board of trustees voted to close the margin account, effective immediately.

Note 8 - Net Assets

Net assets without donor restrictions consist of the following as of July 31, 2025:

Board-designated endowment net assets:	
Philanthropy	\$ 63,367
Leadership	76,503
General	<u>2,129</u>
Total board-designated endowment net assets	141,999
Undesignated net assets	<u>286,472</u>
Total net assets without donor restrictions	<u><u>\$ 428,471</u></u>

Note 8 - Net Assets (Continued)

Net assets with donor restrictions as of July 31, 2025 are available for the following purposes:

Subject to expenditures for a specified purpose or time restriction:	
Philanthropy	\$ 1,126
Financial aid	189,726
Leadership	344,774
General operations	<u>361,313</u>
Total subject to expenditures for a specified purpose or time restriction	896,939
Subject to the Foundation's spending policy and appropriation:	
Philanthropy	40,533
Financial aid	2,552,159
Leadership	1,173,138
General Fund endowment earnings	<u>123,551</u>
Total subject to the Foundation's spending policy and appropriation	3,889,381
Net assets to be held in perpetuity:	
Philanthropy	92,048
Financial aid	12,193,517
Leadership	3,737,730
General endowment	<u>571,732</u>
Total net assets to be held in perpetuity	<u>16,595,027</u>
Total net assets with donor restrictions	<u><u>\$ 21,381,347</u></u>

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by the occurrence of other events specified by donors.

Note 9 - Donor-restricted and Board-designated Endowments

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 expenditures. Most of 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 of the Foundation had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this 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 UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund
as of July 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 141,999	\$ -	\$ 141,999
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	16,595,027	16,595,027
Accumulated investment gains	-	3,889,381	3,889,381
Total donor-restricted endowment funds	-	20,484,408	20,484,408
Total	\$ 141,999	\$ 20,484,408	\$ 20,626,407

July 31, 2025

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended July 31, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 131,235	\$ 18,594,834	\$ 18,726,069
Investment return:			
Investment income - Net of fees	3,289	427,260	430,549
Net appreciation (realized and unrealized)	10,585	1,440,531	1,451,116
Total investment return - Net	13,874	1,867,791	1,881,665
Contributions	-	495,403	495,403
Expenditures	(3,110)	(693,916)	(697,026)
Other	-	220,296	220,296
Endowment net assets - End of year	<u>\$ 141,999</u>	<u>\$ 20,484,408</u>	<u>\$ 20,626,407</u>

Underwater Endowment Funds

As of July 31, 2025, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets 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. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to achieve a return of CPI plus 4 percent plus fees (investment and foundation administration fees) annually. The secondary investment objective is to earn a total return, net of expenses, at least equal to the portfolio's composite benchmark, as defined in its investment policy statement. Actual returns in any given year may vary from this amount.

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 targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

July 31, 2025

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy (the "spending policy") that went into effect on June 22, 2023. The spending policy is based upon a total return investment approach. The allowable distribution from an endowment fund shall be up to 4 percent of the previous three-year rolling average of the fund's fair market value. The Foundation is not required to distribute the maximum amount and may instead accumulate part of the entire amount for investment and use in future periods. The distribution amount is to be determined annually by the Foundation's board of trustees, and, in the absence of a distribution percentage determination by the board of trustees, such percentage shall be 2.75 percent. An endowment that is less than its original corpus principal value as of July 31 of the prior fiscal year shall not be eligible for granting unless reviewed by the Foundation's finance committee and presented and approved by the board of trustees. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at CPI plus 4 percent plus fees (investment and foundation administration fees) annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 10 - Related Party Transactions

The following is a description of the nature of the relationship and significant transactions between the Foundation and the Sorority:

Nature of Relationship

The governing board of the Sorority appoints the chairwoman of the Foundation and approves candidates for the Foundation's board of trustees. Authority to change the Foundation's bylaws is vested in the majority vote of the board of trustees; however, no changes shall be effective until ratified by the governing board of the Sorority.

Other Significant Transactions

For the year ended July 31, 2025, the Foundation incurred operating expenses, including personnel, office, and facility-related expenses, of \$842,701. These expenses were paid by the Sorority and were reimbursed by the Foundation. As of July 31, 2025, the Foundation's payable to the Sorority amounted to \$90,952.

Contributions

Contributions totaling \$82,214 were received from board members during the year ended July 31, 2025.

Note 11 - Retirement Plan

The affiliated organizations participate in a professional employer organization-sponsored defined contribution retirement plan (the "Plan") covering substantially all employees. The employer matches 100 percent of each employee's contribution to the Plan up to 4 percent of the respective employee's salary. Contributions to the Plan totaled \$21,718 for the year ended July 31, 2025.

Note 12 - Allocation of Joint Costs

The Foundation conducted activities that included requests for contributions, as well as program and general administration components. Those activities included direct mail campaigns and other publications. The costs of conducting those activities included a total of \$48,192 in joint costs as of July 31, 2025 that are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

Educational and leadership development	\$	24,096
Development		<u>24,096</u>
Total	\$	<u><u>48,192</u></u>