

KAPPA KAPPA GAMMA FOUNDATION

FINANCIAL STATEMENTS

June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of
Kappa Kappa Gamma Foundation
Columbus, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Kappa Kappa Gamma Foundation, (the "Foundation") which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kappa Kappa Gamma Foundation as of June 30, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of functional expenses are presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Crowe Horwath LLP
Crowe Horwath LLP

Indianapolis, Indiana
October 18, 2013

KAPPA KAPPA GAMMA FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 1,572,919	\$ 3,866,230
Prepaid expense and other receivables	9,794	3,561
Due from Kappa Kappa Gamma Fraternity (Note 7)	42,125	25,506
Estates and bequests receivable	119,358	-
Pledges receivable, net (Note 2)	216,529	465,797
Cash surrender value of life insurance policies (Note 3)	134,851	127,833
Investments (Note 4)	35,483,787	30,223,869
Beneficial interest in charitable trust (Note 5)	260,509	249,059
Property and equipment, net (Note 6)	<u>1,004,320</u>	<u>880,085</u>
	<u>\$ 38,844,192</u>	<u>\$ 35,841,940</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 40,409	\$ 12,839
Due to Kappa Kappa Gamma Fraternity (Note 7)	136,001	393,612
Other accrued expenses	7,589	26,502
Charitable gift annuities obligation (Note 8)	<u>32,333</u>	<u>33,957</u>
	216,332	466,910
Net Assets		
Unrestricted, undesignated	9,222,548	7,813,048
Unrestricted, board designated	<u>1,588,928</u>	<u>1,608,859</u>
Total unrestricted	10,811,476	9,421,907
Temporarily restricted (Note 9)	10,208,336	8,608,154
Permanently restricted (Note 9)	<u>17,608,048</u>	<u>17,344,969</u>
	<u>38,627,860</u>	<u>35,375,030</u>
	<u>\$ 38,844,192</u>	<u>\$ 35,841,940</u>

See accompanying notes to financial statements.

KAPPA KAPPA GAMMA FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2013 (with comparative total for 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
Support and revenues					
Gifts and bequests	\$ 1,019,832	\$ 1,025,798	\$ 251,629	\$ 2,297,259	\$ 2,595,216
Investment return (loss), net (Note 4)	1,444,515	1,799,526	-	3,244,041	(1,188,709)
Rental income	64,150	-	-	64,150	79,223
Change in value of beneficial interest in charitable trust	-	-	11,450	11,450	(14,417)
Other income	<u>8,206</u>	<u>-</u>	<u>-</u>	<u>8,206</u>	<u>12,604</u>
	<u>2,536,703</u>	<u>2,825,324</u>	<u>263,079</u>	<u>5,625,106</u>	<u>1,483,917</u>
Net assets released from restrictions (Note 9)	<u>1,225,142</u>	<u>(1,225,142)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>3,761,845</u>	<u>1,600,182</u>	<u>263,079</u>	<u>5,625,106</u>	<u>1,483,917</u>
Expenses					
Program services:					
Scholarships and aid to members in need	698,557	-	-	698,557	736,031
Educational programming	397,390	-	-	397,390	365,762
Museums	271,896	-	-	271,896	250,058
Educational area grant	<u>38,617</u>	<u>-</u>	<u>-</u>	<u>38,617</u>	<u>38,400</u>
	<u>1,406,460</u>	<u>-</u>	<u>-</u>	<u>1,406,460</u>	<u>1,390,251</u>
Supporting services:					
Management and general	389,330	-	-	389,330	325,786
Fundraising	<u>576,486</u>	<u>-</u>	<u>-</u>	<u>576,486</u>	<u>692,205</u>
	<u>965,816</u>	<u>-</u>	<u>-</u>	<u>965,816</u>	<u>1,017,991</u>
Total expenses	<u>2,372,276</u>	<u>-</u>	<u>-</u>	<u>2,372,276</u>	<u>2,408,242</u>
Changes in net assets	1,389,569	1,600,182	263,079	3,252,830	(924,325)
Net assets, beginning of year	<u>9,421,907</u>	<u>8,608,154</u>	<u>17,344,969</u>	<u>35,375,030</u>	<u>36,299,355</u>
Net assets, end of year	<u>\$ 10,811,476</u>	<u>\$ 10,208,336</u>	<u>\$ 17,608,048</u>	<u>\$ 38,627,860</u>	<u>\$ 35,375,030</u>

See accompanying notes to financial statements.

KAPPA KAPPA GAMMA FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2012 Total</u>
Support and revenues				
Gifts and bequests	\$ 1,147,268	\$ 1,136,744	\$ 311,204	\$ 2,595,216
Investment return (loss), net (Note 4)	(961,735)	(226,974)	-	(1,188,709)
Rental income	79,223	-	-	79,223
Change in value of beneficial interest in charitable trust	-	-	(14,417)	(14,417)
Other income	<u>12,604</u>	<u>-</u>	<u>-</u>	<u>12,604</u>
	277,360	909,770	296,787	1,483,917
 Net assets released from restrictions (Note 9)	 <u>1,305,847</u>	 <u>(1,305,847)</u>	 <u>-</u>	 <u>-</u>
Total support and revenues	<u>1,583,207</u>	<u>(396,077)</u>	<u>296,787</u>	<u>1,483,917</u>
 Expenses				
Program services:				
Scholarships and aid to members in need	736,031	-	-	736,031
Educational programming	365,762	-	-	365,762
Museums	250,058	-	-	250,058
Educational area grant	<u>38,400</u>	<u>-</u>	<u>-</u>	<u>38,400</u>
	<u>1,390,251</u>	<u>-</u>	<u>-</u>	<u>1,390,251</u>
 Supporting services:				
Management and general	325,786	-	-	325,786
Fundraising	<u>692,205</u>	<u>-</u>	<u>-</u>	<u>692,205</u>
	<u>1,017,991</u>	<u>-</u>	<u>-</u>	<u>1,017,991</u>
Total expenses	<u>2,408,242</u>	<u>-</u>	<u>-</u>	<u>2,408,242</u>
 Changes in net assets	 (825,035)	 (396,077)	 296,787	 (924,325)
Net assets, beginning of year	<u>10,246,942</u>	<u>9,004,231</u>	<u>17,048,182</u>	<u>36,299,355</u>
 Net assets, end of year	 <u>\$ 9,421,907</u>	 <u>\$ 8,608,154</u>	 <u>\$ 17,344,969</u>	 <u>\$ 35,375,030</u>

See accompanying notes to financial statements.

KAPPA KAPPA GAMMA FOUNDATION
STATEMENTS OF CASH FLOWS
Years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 3,252,830	\$ (924,325)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	116,949	106,955
Gain on sale of equipment	-	(4,194)
Net unrealized/realized (gains) losses on investments	(2,394,534)	1,732,244
Stock contributions	(126,507)	(94,574)
Contributions restricted for long-term investment	(251,629)	(311,204)
Change in interest in charitable remainder trust	(11,450)	14,417
Change in assets and liabilities:		
Prepaid expense and other receivables	(6,233)	(1,413)
Estates and bequests receivable	(119,358)	85,000
Pledges receivable	249,268	342,376
Cash surrender value in life insurance policies	(7,018)	(5,260)
Accounts payable and other accrued expenses	8,657	7,937
Due to Kappa Kappa Gamma Fraternity	(274,230)	177,512
Charitable gift annuities	<u>(1,624)</u>	<u>5,864</u>
Net cash from operating activities	435,121	1,131,335
 Cash flows from investing activities		
Purchase of property and equipment	(241,184)	(106,226)
Proceeds from sale of property and equipment	-	7,208
Purchase of investments	(18,948,284)	(13,915,605)
Proceeds from the sale of investments	<u>16,209,407</u>	<u>13,518,029</u>
Net cash from investing activities	(2,980,061)	(496,594)
 Cash flows from financing activities		
Proceeds from contributions restricted for long-term investment	<u>251,629</u>	<u>311,204</u>
Net cash from financing activities	<u>251,629</u>	<u>311,204</u>
 Net change in cash and cash equivalents	(2,293,311)	945,945
 Cash and cash equivalents at beginning of year	<u>3,866,230</u>	<u>2,920,285</u>
 Cash and cash equivalents at end of year	<u>\$ 1,572,919</u>	<u>\$ 3,866,230</u>
 Supplemental cash flow information		
Stock contributions	\$ 126,507	\$ 94,574

See accompanying notes to financial statements.

KAPPA KAPPA GAMMA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: The Kappa Kappa Gamma Foundation (the "Foundation") was established in 1989 by merging several pre-existing philanthropic funds into a single non-profit corporation. In 1990, The Heritage Museum of Kappa Kappa Gamma was merged into the Foundation. In 2000, The Minnie Stewart Foundation was also merged into the Foundation.

Net assets of the Foundation are to be used exclusively for charitable, literary or educational purposes as defined in the Foundation's Articles of Incorporation and Code of Regulations.

Reporting Entity: The accompanying financial statements include only the functions and activities of Kappa Kappa Gamma Foundation. They do not include the financial activities of Kappa Kappa Gamma Fraternity (the "Fraternity"), or any of its affiliated local chapters and house corporations, all of which are separate entities. The Fraternity and each of the affiliated local groups is governed by its own by-laws; elects its own officers; and, files its own tax returns. Accordingly, those separate entities are not included in the accompanying financial statements.

Income Taxes: The Foundation is organized as a non-profit corporation and has obtained exemption from Federal income taxes under Section 501(c)(3) of the U. S. Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a).

Guidance issued by the Financial Accounting Standards Board (FASB) requires the Foundation to recognize a tax liability only if it is more-likely-than-not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of uncertain tax position that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The Foundation has examined this issue and has determined there are no material contingent tax liabilities or questionable tax positions.

The Foundation is generally no longer subject to examination by taxing authorities for years before 2010. The Foundation does not expect the total amount of uncertain tax positions to significantly change in the next 12 months. The Foundation recognizes interest and/or penalties related to income tax matters in income tax expense. The Foundation did not have any amounts accrued for interest and penalties at June 30, 2013 and 2012.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates in the Preparation of Financial Statements: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates requiring significant judgment on the part of management primarily consist of the valuation of alternative investments, allowance for uncollectible pledges, allocation of functional expenses, and the present value discount of pledges receivable. Actual results could differ from those estimates.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation: The financial statements have been prepared in accordance with GAAP, which requires, among other things, that the financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions, as applicable.

Net assets are classified as unrestricted, temporarily restricted, or permanently restricted and are detailed as follows:

- Unrestricted net assets represent the part of the net assets of the Foundation that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The Foundation has chosen to designate portions of unrestricted net assets for the Museum, scholarships and other educational programs.
- Temporarily restricted net assets represent the part of the net assets of the Foundation resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or by actions of the Foundation.
- Permanently restricted net assets represent the part of the net assets of the Foundation resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

The accompanying financial statements include the activities of various program services and supporting services of the Foundation as follows:

Program Services

Scholarships and Aid to Members in Need - provides funds for scholarships and assistance to members in need.

Educational Programming - provides funds for collegiate and alumnae education and leadership training.

Museums - provides funds for administration and maintenance of the Heritage Museum and the Minnie Stewart House.

Educational Area Grant - grants funds for the educational areas and facilities of local chapter houses.

Supporting Services

Management and General - expenses are those not identifiable with a single program, but are necessary to conduct the activities of the Foundation, including general board activities, business management, general record keeping, budgeting and related purposes.

Fundraising - expenses are incurred in soliciting donors to contribute to support the program services of the Foundation.

Cash and Cash Equivalents: The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2013 and 2012, cash equivalents consisted primarily of money market accounts and deposit accounts.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk: The Foundation maintains all of its cash deposits in banks and brokerage firms. This may result in a concentration of credit risk in case of a severe regional financial failure. The maximum amount at risk is the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance. The Federal Deposit Insurance Corporation (FDIC) insures \$250,000 of deposits per financial institution. In addition, the Foundation participates in the Certificate of Deposits Account Registry Service (CDARS) which allows FDIC insurance on all amounts held at the bank. Cash equivalents held by brokerage firms are not federally insured by the FDIC, but are insured by the Securities Investor Protection Corporation (SIPC), which insures up to \$500,000 per financial institution and by private insurance of the brokerage firm. As a result, the Foundation had no uninsured cash or cash equivalents at June 30, 2013 and 2012.

Pledges Receivable: Pledges receivable represent the remaining balance of unconditional promises to give that have not yet been paid. Pledges that are expected to be collected within one year or less are recorded at net realizable value. Pledges that are expected to be collected beyond one year are recorded at the present value of their estimated future cash flows. The pledges have been discounted using a discount rate determined by management applicable during the time the pledge was made. Amortization of the pledge discounts are recognized as contribution revenue each year until the pledge is paid in full. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

An allowance is made for uncollectible contributions based on management's expectations regarding collection of outstanding promises to give and the Foundation's collection experience. The Foundation has estimated that no allowance is necessary for uncollectible contributions at June 30, 2013 and 2012.

Investments and Investment Return: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value based on quoted market prices. Alternative investments are valued based upon the reporting of the investment managers as independent market valuations are not available. These investments are initially recorded at cost if they were purchased or at their fair value on the date of the receipt of the gift if they were received as a donation. Realized gains or losses upon the sale of investments are based on the cost of specifically identified securities. Changes in unrealized appreciation or depreciation of investments are reflected in the Statement of Activities in the period in which such changes occur. Interest and dividend income is recorded when earned.

Investment income, net realized gains or losses and net unrealized gains or losses relating to securities comprising the investments, are allocated based upon the percentage relationship of each fund's investment balance to the aggregate investment balances for all funds.

The various investments in securities, mutual funds and other investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Foundation.

Collections: The Foundation owns many collectible and historical items which were not capitalized on the financial statements as they were acquired because it was impracticable to determine a value.

(Continued)

KAPPA KAPPA GAMMA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment: Property and equipment are stated at cost or, if donated to the Foundation, at fair value. Additions and improvements greater than \$500 with a useful life beyond one year are capitalized, and expenditures for routine maintenance are charged to operations. Depreciation is provided over the estimated useful lives of the various classes of assets on the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	10	to	40 Years
Furniture and equipment	3	to	10 Years

Impairment of Long-Lived Assets: In accordance with GAAP, the Foundation reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended June 30, 2013 and 2012.

Support and Revenue: Support and revenue is derived mainly from contributions and investment earnings. All contributions are considered available for the general programs of the Foundation, unless specifically restricted by the donor. The Foundation is the beneficiary under various wills and trust agreements, the total realizable amount of which is not presently determinable. Such amounts are recorded when both a will is declared valid by a probate court and the proceeds are measurable.

Contributed Services: The Foundation's Trustees, among others, have made significant contributions of their time to promote and administer the activities of the Foundation. The value of this contributed time is not reflected in the financial statements, since it is not susceptible to objective measurement or valuation. No contributed services, as defined by GAAP, were received in fiscal years 2013 and 2012.

Grants: The Board of Trustees authorizes grants after review and recommendation from the appropriate program committees. Grants are recognized as expenses as incurred or conditions are met.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2013 to determine the need for any adjustments or disclosures to the audited financial statements for the year ended June 30, 2013. Management has performed their analysis through October 18, 2013, which is the date the financial statements were available to be issued.

NOTE 2 - PLEDGES RECEIVABLE

Pledges receivable consists of the following at June 30:

	<u>2013</u>	<u>2012</u>
Pledges receivable	\$ 219,413	\$ 471,831
Less present value discount	<u>(2,884)</u>	<u>(6,034)</u>
	<u>\$ 216,529</u>	<u>\$ 465,797</u>

(Continued)

KAPPA KAPPA GAMMA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2013 and 2012

NOTE 2 - PLEDGES RECEIVABLE (Continued)

	<u>2013</u>	<u>2012</u>
Amounts receivable in:		
Past due	\$ 21,571	\$ 5,800
Less than one year	32,957	201,014
One to five years	<u>164,885</u>	<u>265,017</u>
	<u>\$ 219,413</u>	<u>\$ 471,831</u>

Qualifying contributions receivable were discounted at 1.2% in fiscal years 2013 and 2012, respectively.

NOTE 3 - CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES

The Foundation is the owner and beneficiary of life insurance policies with an aggregate cash surrender value of \$134,851 and \$127,833 at June 30, 2013 and June 30, 2012, respectively. The insurance face value of the policies owned by the Foundation were \$243,612 at June 30, 2013 and 2012.

The cash surrender value of these policies is recorded as an asset on the Foundation's statement of financial position and the change in any cash surrender value is recognized on the statement of activities.

NOTE 4 - INVESTMENTS

Major types of investments held by the Foundation at fair value at June 30, 2013 and 2012 include:

	<u>2013</u>	<u>2012</u>
Fixed income:		
Mutual funds - bonds	\$ 8,188,757	\$ 5,843,185
Publicly traded equity:		
Mutual funds - equity	12,543,061	7,254,665
Common stock	6,692,303	6,021,449
Alternative investments	<u>8,059,666</u>	<u>11,104,570</u>
	<u>\$ 35,483,787</u>	<u>\$ 30,223,869</u>

At June 30, 2013 and 2012, the Foundation had unfunded capital commitments for alternative investments totaling \$434,339 and \$469,800, respectively.

Investment return (loss) for the years ended June 30, 2013 and 2012 was:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 1,049,643	\$ 752,468
Net realized gain (loss) on sale of investments	1,042,607	(366,525)
Net unrealized gain (loss)	<u>1,351,927</u>	<u>(1,365,719)</u>
	3,444,177	(979,776)
Investment related expenses	<u>(200,136)</u>	<u>(208,933)</u>
	<u>\$ 3,244,041</u>	<u>\$ (1,188,709)</u>

(Continued)

NOTE 4 - INVESTMENTS (Continued)

Fair Value of Financial Instruments: Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Accounting standards establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of mutual funds and common stock are based on quoted prices in active investment markets. (Level 1 inputs)

The fair value of corporate and international bonds are based on inputs that are observable, but not active using the market method. These inputs include matrix pricing models and comparison to prices of similar assets. (Level 2 inputs)

The fair value of a beneficial interest in charitable trust is based on a valuation model that calculates the present value of estimated future distributable income using the income method. The valuation model incorporates assumptions that market participants would use in estimating future distributable income. The Foundation is able to compare the valuation model inputs and results to widely available published industry data for reasonableness, however, the Foundation is unable to redeem the assets of the trust and only receives the income earned. (Level 3 inputs)

For alternative investments, such as fund of funds, managed future funds, private equity and real estate limited partnerships, for which there is no active market, the Foundation uses the net asset value (NAV) with additional analysis performed by management, as such investments have significant unobservable valuation inputs. Due to current market conditions as well as the limited trading activity of these investments, the market value of alternative investments is highly sensitive to assumption changes and market value volatility (Level 3 inputs). However, some of the fund's that the Foundation holds may be redeemed at the fund's NAV within 90 days of the end of the fiscal year. (Level 2 inputs) For both levels, the market method is used to determine fair value.

(Continued)

NOTE 4 - INVESTMENTS (Continued)

As of June 30, 2013 the Foundation's alternative investments portfolio is comprised of five fund of funds investments and two limited partnerships. As of June 30, 2012, the Foundation had one additional fund of funds and a managed futures fund as well. The fund of fund investments are comprised as follows:

- An offshore feeder fund that is invested almost entirely in Silver Creek Long/Short Holdings LLC, which invests primarily in limited partnerships, private placements, and other investment vehicles. These investments may include equity securities, deposits, warrants, bonds, options, future contracts, swaps, and other derivative investments. Redemptions of shares have been suspended and effective April 30, 2009 the fund started the orderly liquidation of its investment portfolio and has been distributing the proceeds since that time on a pro-rata basis. The Foundation held \$94,265 and \$172,111 of investments in this fund as of June 30, 2013 and 2012. The Foundation has no unfunded capital commitments. (Level 3)
- An offshore feeder fund that is invested entirely in The Weatherlow Fund I LP, which is a multi-manager, multi-strategy "fund of funds" formed to invest predominantly in limited partnerships and similar pooled investment vehicles. Shares of the fund can be redeemed on the last business day of the calendar quarter with no less than 65 days prior written notice. The Foundation has no unfunded capital commitments. (Level 2)
- A feeder fund that invests primarily in the Commonfund Credit Opportunities Company and Commonfund MSB Master Fund, LLC. In addition, a small portion of the fund is invested directly into other private partnerships and funds. Shares of the fund may be redeemed on the last business day of the month with no less than 5 days prior written notice. The Foundation had no unfunded capital commitments and the investment was liquidated in fiscal year 2013. (Level 2)
- A feeder fund that invests entirely in SkyBridge Series G, which is a commingled, multi-strategy "fund of funds". Shares of the fund can be redeemed including full redemption on a quarterly basis. The Foundation has no unfunded capital commitments. (Level 2)
- An offshore feeder fund that invests almost entirely in Third Point Offshore Master Fund L.P., which invests in various types of securities throughout companies capital structures. The Foundation holds Class F shares which have quarterly redemption rights. The Foundation has no unfunded capital commitments. (Level 2)
- An offshore feeder fund that is invested almost entirely in Pointer LP, which invests predominantly in securities, private investment companies and other investments. Shares of the fund may be redeemed on the last business day of the calendar year end with no less than 105 days prior written notice. The Foundation has no unfunded capital commitments. (Level 3)

The Foundation was invested in one managed futures fund which was an open-ended offshore investment that invested primarily in forward currency contracts, futures contracts, options and other hedging investments. Shares of the fund were redeemable each business day unless the calculation of the net asset value was suspended. The Foundation had no unfunded capital commitment and the investment was liquidated in fiscal year 2013. (Level 2)

(Continued)

KAPPA KAPPA GAMMA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2013 and 2012

NOTE 4 - INVESTMENTS (Continued)

The Foundation's limited partnership investments are split into two different types of limited partnerships; private equity and real estate.

- The private equity limited partnership was formed for the purpose of investing in pooled investment vehicles purchased from the existing owners of such pooled vehicles and not from the issuers of such investments. The partnership is scheduled to dissolve on December 31, 2016, but can be extended by the general partner. Shares of the partnership may be redeemed early at the discretion of the general partner. The Foundation has \$104,339 of unfunded capital commitments. (Level 3)
- The real estate limited partnership was formed to acquire, hold, manage, and dispose of investments in real estate private equity funds. The partnership is currently invested in 17 real estate partnerships, both domestic and international. Limited partners are not permitted to withdraw from the partnership without special approval by the general partner. The partnership does not have a set dissolution date and instead will dissolve once the underlying funds end, which could potentially extend until 2018. The Foundation has \$333,000 of unfunded capital commitments. (Level 3)

Assets Measured on a Recurring Basis Assets and liabilities measured at fair value on a recurring basis as of June 30, 2013 and 2012 are summarized below:

<u>June 30, 2013</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	<u>Total</u>
Assets:				
Investments:				
Mutual funds - bonds	\$ 8,188,757	\$ -	\$ -	\$ 8,188,757
Mutual funds - equity	12,543,061	-	-	12,543,061
Common stock:				
Technology	1,086,184	-	-	1,086,184
Health care	826,566	-	-	826,566
Consumer goods	1,525,461	-	-	1,525,461
Industrial	955,562	-	-	955,562
Energy	641,251	-	-	641,251
Telecommunications	141,027	-	-	141,027
Materials	383,009	-	-	383,009
Financial institutions	903,914	-	-	903,914
Utilities	229,329	-	-	229,329
Funds of funds	-	4,341,571	2,690,162	7,031,733
Limited partnerships:				
Private equity	-	-	353,510	353,510
Real estate	-	-	674,423	674,423
Beneficial interest in charitable trust	-	-	260,509	260,509
	<u>\$ 27,424,121</u>	<u>\$ 4,341,571</u>	<u>\$ 3,978,604</u>	<u>\$ 35,744,296</u>

(Continued)

KAPPA KAPPA GAMMA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2013 and 2012

NOTE 4 - INVESTMENTS (Continued)

<u>June 30, 2012</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	<u>Total</u>
Assets:				
Investments:				
Mutual funds - bonds	\$ 5,843,185	\$ -	\$ -	\$ 5,843,185
Mutual funds - equity	7,254,665	-	-	7,254,665
Common stock:				
Technology	1,095,097	-	-	1,095,097
Health care	621,635	-	-	621,635
Consumer goods	1,453,145	-	-	1,453,145
Industrial	899,929	-	-	899,929
Energy	554,012	-	-	554,012
Telecommunications	246,717	-	-	246,717
Materials	370,808	-	-	370,808
Financial institutions	578,491	-	-	578,491
Utilities	201,615	-	-	201,615
Funds of funds	-	5,146,385	3,896,837	9,043,222
Managed futures fund	-	1,007,990	-	1,007,990
Limited partnerships:				
Private equity	-	-	371,390	371,390
Real estate	-	-	681,968	681,968
Beneficial interest in charitable trust				
	-	-	249,059	249,059
	<u>\$ 19,119,299</u>	<u>\$ 6,154,375</u>	<u>\$ 5,199,254</u>	<u>\$ 30,472,928</u>

The table below presents a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2013 and 2012:

<u>2013</u>	<u>Funds of funds</u>	<u>Limited partnerships</u>		<u>Beneficial interest in charitable trust</u>	<u>Level 3 Total</u>
		<u>Private equity</u>	<u>Real estate</u>		
Beginning balance, July 1, 2012	\$ 3,896,837	\$ 371,390	\$ 681,968	\$ 249,059	\$ 5,199,254
Investment income, net of fees	-	92,866	7,991	-	100,857
Unrealized gains (losses)	15,870	(29,894)	14,464	-	440
Realized gains	249,611	-	-	-	249,611
Withdrawals	(1,472,156)	(80,852)	(30,000)	-	(1,583,008)
Change in value of trust	-	-	-	11,450	11,450
Ending balance, June 30, 2013	<u>\$ 2,690,162</u>	<u>\$ 353,510</u>	<u>\$ 674,423</u>	<u>\$ 260,509</u>	<u>\$ 3,978,604</u>

(Continued)

KAPPA KAPPA GAMMA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 2013 and 2012

NOTE 4 - INVESTMENTS (Continued)

<u>2012</u>	<u>Funds of funds</u>	<u>Limited partnerships</u>		<u>Beneficial interest in charitable trust</u>	<u>Level 3 Total</u>
		<u>Private equity</u>	<u>Real estate</u>		
Beginning balance, July 1, 2011	\$4,079,591	\$ 386,743	\$ 642,429	\$ 263,476	\$ 5,372,239
Investment income, net of fees	-	41,677	15,149	-	56,826
Unrealized gains	(61,673)	(35,800)	24,390	-	(73,083)
Realized gains	34,330	-	-	-	34,330
Withdrawals	(155,411)	(21,230)	-	-	(176,641)
Change in value of trust	-	-	-	(14,417)	(14,417)
Ending balance, June 30, 2012	<u>\$3,896,837</u>	<u>\$ 371,390</u>	<u>\$ 681,968</u>	<u>\$ 249,059</u>	<u>\$ 5,199,254</u>

For the years ending June 30, 2013 and 2012, the Foundation had unrealized gains (losses) of approximately \$250,000 and \$(39,000) on investments that were still held as of the end of the fiscal year.

NOTE 5 - BENEFICIAL INTEREST IN CHARITABLE TRUST

The Foundation is the beneficiary under a perpetual trust administered by an outside party. Under the terms of the trust, the Foundation has the irrevocable right to receive all income earned on the trust assets in perpetuity, but will not receive the assets held in trust. The estimated value of the expected future cash flows from the trust was \$260,509 and \$249,059 at June 30, 2013 and 2012, respectively, which approximates the fair value of the trust assets.

NOTE 6 - PROPERTY AND EQUIPMENT

The Foundation's property and equipment, and the related accumulated depreciation at June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Land	\$ 15,500	\$ 15,500
Buildings and improvements	2,044,435	1,810,528
Furniture, fixtures and equipment	<u>444,800</u>	<u>437,525</u>
	2,504,735	2,263,553
Accumulated depreciation	<u>(1,500,415)</u>	<u>(1,383,468)</u>
	<u>\$ 1,004,320</u>	<u>\$ 880,085</u>

Depreciation expense for the years ended June 30, 2013 and 2012 was \$116,949 and \$106,955, respectively.

(Continued)

NOTE 7 - RELATED PARTY TRANSACTIONS

The Foundation is engaged in educational and philanthropic activities. Transactions between the Foundation and the Fraternity and amounts due between them are as follows:

- Certain expenses of the Foundation are reimbursed to the Fraternity on a cost-based system. The reimbursement was \$180,329 and \$173,171 in fiscal years 2013 and 2012, respectively.
- Educational grants from the Foundation to the Fraternity amounted to \$360,347 and \$348,206 in fiscal year 2013 and 2012, respectively, pursuant to appropriate grant documentation.
- The Fraternity contributed its net income from the Rose McGill Magazine Agency (the "Agency") program to the Foundation. In fiscal year 2012, the Agency had a net loss of \$(4,988), therefore no contribution was made to the Foundation. At the end of fiscal year 2012, the Fraternity discontinued operations of the agency, therefore no contribution was made to the Foundation in fiscal year 2013.
- At June 30, 2013, the Fraternity owed the Foundation \$42,125 for excess grant funds received from the Foundation and the Foundation owed the Fraternity \$136,001 for cost-based reimbursements. At June 30, 2012, the Fraternity owed the Foundation \$25,506 for excess grant funds received from the Foundation and the Foundation owed the Fraternity \$393,612 for cost-based reimbursements.
- The Foundation rents space from the Fraternity on a square footage basis in the headquarters building under an operating lease that expired June 30, 2012. Rent obligations are being paid on a month-to-month basis based on the previous arrangement until a new agreement is reached. The rent expense for fiscal years 2013 and 2012 was \$21,000.
- The Fraternity and Foundation own 20% and 80%, respectively, of the building at 538 East Town Street. Although rented to outside parties, both the Fraternity and Foundation occupy storage space in the building as well.

NOTE 8 - CHARITABLE GIFT ANNUITIES

The Foundation has received amounts in which the donor retains a partial annuity interest. Funds received in excess of the annuity liability were recorded as unrestricted cash and income at the time of receipt. Principal portions of annuity payments are being charged to the liability on an annual basis. Periodically, the Foundation will make an adjustment to the liability to record actuarial gain or loss due to recomputation of the liability, based upon revised life expectancy. At June 30, 2013 and 2012, the Foundation reported charitable gift annuity liabilities totaling \$32,333 and \$33,957, respectively.

(Continued)

KAPPA KAPPA GAMMA FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 Years ended June 30, 2013 and 2012

NOTE 9 - NET ASSETS

Temporarily restricted net assets are either donor-restricted for specific purposes, or for use in a specified period of time. Temporarily restricted net assets, as of June 30, 2013 and 2012, are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Scholarships, aid to members in need, and educational programming	\$ 10,208,336	\$ 8,526,927
Museums	<u>-</u>	<u>81,227</u>
	<u>\$ 10,208,336</u>	<u>\$ 8,608,154</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during fiscal year 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Purpose restrictions accomplished:		
Scholarships, aid to members in need, and educational programming	\$ 897,139	\$ 965,299
Museums	125,228	129,790
Costs of administration	<u>202,775</u>	<u>210,758</u>
Total restrictions released	<u>\$ 1,225,142</u>	<u>\$ 1,305,847</u>

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable for grants for educational programming, scholarships, and aid to members in need, as well as supporting service expenses. The permanently restricted net assets have been segregated by the purposes to which their investment earnings are expendable, as follows:

	<u>2013</u>	<u>2012</u>
Scholarships, aid to members in need, and educational programming	<u>\$ 17,608,048</u>	<u>\$ 17,344,969</u>

NOTE 10 - PROFIT SHARING PLAN

Effective January 1, 1998, the Fraternity established an employee 401(k) plan (the Plan) covering substantially all employees who have attained age 21 and completed twelve months of service, including employees of the Foundation. Participants may contribute up to 50% of their base pay into the Plan, with the Fraternity matching 50% of the first 6% contributed in fiscal year 2012. A discretionary contribution of 4.5% of the participants' base pay was also contributed by the Fraternity in fiscal year 2012. In fiscal year 2013, the Fraternity modified the plan by eliminating the discretionary contribution, but increasing the match to a dollar for dollar match of the first 7.5% contributed by the participant. Any contributions made by the Fraternity on behalf of Foundation employees are reimbursed to the Fraternity by the Foundation. Participants are immediately 100% vested in their voluntary contributions. Participants are fully vested in the Fraternity's contributions after five years. The Foundation's contributions for fiscal years 2013 and 2012 were \$21,171 and \$22,545, respectively.

(Continued)

KAPPA KAPPA GAMMA FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 Years ended June 30, 2013 and 2012

NOTE 11 - ENDOWMENT COMPOSITION

The Foundation's endowment consists of donor-restricted funds for various educational programs and scholarships, including the beneficial interest in charitable trust.

Interpretation of Relevant Law: The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, 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 and the possible effect of inflation and deflation
- (4) The expected total return from income and the appreciation of investments
- (5) The investment policies of the Foundation and other resources of the Foundation

Endowment net asset composition by type of fund as of June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted	<u>\$ (172,254)</u>	<u>\$ 955,201</u>	<u>\$ 17,608,048</u>	<u>\$ 18,390,995</u>

Endowment net asset composition by type of fund as of June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted	<u>\$ (752,740)</u>	<u>\$ 549,851</u>	<u>\$ 17,344,969</u>	<u>\$ 17,142,080</u>

Changes in endowment net assets for year ended June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ (752,740)	\$ 549,851	\$ 17,344,969	\$ 17,142,080
Investment return, net	728,883	919,738	-	1,648,621
Appropriation of endowment assets for expenditure	(106,270)	(423,062)	-	(529,332)
Administrative fees	(42,127)	(91,326)	-	(133,453)
Change in value of trust	-	-	11,450	11,450
Gifts and bequests	-	-	251,629	251,629
Net assets, end of year	<u>\$ (172,254)</u>	<u>\$ 955,201</u>	<u>\$ 17,608,048</u>	<u>\$ 18,390,995</u>

(Continued)

KAPPA KAPPA GAMMA FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 Years ended June 30, 2013 and 2012

NOTE 11 - ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for year ended June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ (126,567)	\$ 1,203,983	\$ 17,048,182	\$ 18,125,598
Investment loss, net	(454,936)	(144,019)	-	(598,955)
Appropriation of endowment assets for expenditure	(130,156)	(415,681)	-	(545,837)
Administrative fees	(41,081)	(94,432)	-	(135,513)
Change in value of trust	-	-	(14,417)	(14,417)
Gifts and bequests	-	-	311,204	311,204
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net assets, end of year	<u>\$ (752,740)</u>	<u>\$ 549,851</u>	<u>\$ 17,344,969</u>	<u>\$ 17,142,080</u>

Funds with Deficiencies From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$172,254 and \$752,740 as of June 30, 2013 and 2012. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Trustees.

Return Objectives and Risk Parameters The Foundation has adopted investment and spending policies for endowment assets that attempt to promote long-term growth of principal without undue exposure to risk, through a total return strategy. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is focused on preservation of purchasing power, with long term capital growth as a secondary consideration. The beneficial interest in the charitable trust, which is considered part of the endowment funds, is under the control of and administered by, an outside party.

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 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 of appropriating for distribution each year 4.25% of the endowment fund's average fair value of the three fiscal year ends preceding the fiscal year in which the distribution is planned. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. An administrative fee of 1% of the previous year fund balance is charged to each fund unless otherwise approved by the Board of Trustees. Endowment fund principal, unless otherwise directed by the donor, shall not be expended.

SUPPLEMENTARY INFORMATION

KAPPA KAPPA GAMMA FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
Year ended June 30, 2013 (with comparative totals for 2012)

	-----Program Services-----					-----Supporting Services-----			2013 Total	2012 Total
	Scholarships and Aid to Members in Need	Educational Programming	Museums	Educational Area Grant	Total Program Services	Management and General	Fundraising			
Salaries and benefits	\$ 18,149	\$ 11,962	\$ 81,669	\$ -	\$ 111,780	\$ 108,479	\$ 192,210	\$ 412,469	\$ 425,052	
Professional fees	5,253	5,567	5,499	-	16,319	11,501	29,546	57,366	34,387	
Grants and scholarships	621,117	360,571	-	38,617	1,020,305	-	-	1,020,305	1,041,925	
Printing and publications	27,696	11,058	8,682	-	47,436	19,015	25,114	91,565	89,299	
Office expense	2,584	2,111	41,868	-	46,563	68,683	11,781	127,027	99,054	
Building and grounds	2,944	1,683	16,100	-	20,727	11,835	27,516	60,078	60,862	
Depreciation	4,630	2,645	47,779	-	55,054	18,616	43,279	116,949	106,955	
Museum management and maintenance	-	-	52,320	-	52,320	-	-	52,320	34,933	
Board and committee expense	1,569	-	7,399	-	8,968	29,998	9,836	48,802	37,786	
Convention, meetings and seminars	6,275	-	5,379	-	11,654	2,689	8,068	22,411	78,981	
Development	-	-	-	-	-	-	158,199	158,199	208,466	
Consultant fees	-	-	-	-	-	-	-	-	3,830	
Cost-based reimbursements	8,340	1,793	5,201	-	15,334	94,058	70,937	180,329	173,171	
Bank fees and other charges	-	-	-	-	-	24,456	-	24,456	13,541	
Total expenses	\$ 698,557	\$ 397,390	\$ 271,896	\$ 38,617	\$ 1,406,460	\$ 389,330	\$ 576,486	\$ 2,372,276	\$ 2,408,242	

KAPPA KAPPA GAMMA FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
Year ended June 30, 2012

	-----Program Services-----				-----Supporting Services-----			2012 Total
	Scholarships and Aid to Members in Need	Educational Programming	Museums	Educational Area Grant	Total Program Services	Management and General	Fundraising	
Salaries and benefits	\$ 4,251	\$ 5,951	\$ 73,959	\$ -	\$ 84,161	\$ 74,384	\$ 266,507	\$ 425,052
Professional fees	5,781	6,370	5,500	-	17,651	10,987	5,749	34,387
Grants and scholarships	668,896	334,629	-	38,400	1,041,925	-	-	1,041,925
Printing and publications	26,100	10,573	8,355	-	45,028	17,745	26,526	89,299
Office expense	3,667	3,217	43,012	-	49,896	32,824	16,334	99,054
Building and grounds	2,033	816	15,526	-	18,375	6,171	36,316	60,862
Depreciation	2,770	1,111	45,181	-	49,062	8,409	49,484	106,955
Museum management and maintenance	-	-	34,933	-	34,933	-	-	34,933
Board and committee expense	1,807	-	3,967	-	5,774	31,383	629	37,786
Convention, meetings and seminars	16,697	2,767	16,276	-	35,740	15,651	27,590	78,981
Development	-	-	-	-	-	-	208,466	208,466
Consultant fees	-	-	-	-	-	-	3,830	3,830
Cost-based reimbursements	4,029	328	3,349	-	7,706	114,691	50,774	173,171
Bank fees and other charges	-	-	-	-	-	13,541	-	13,541
Total expenses	<u>\$ 736,031</u>	<u>\$ 365,762</u>	<u>\$ 250,058</u>	<u>\$ 38,400</u>	<u>\$ 1,390,251</u>	<u>\$ 325,786</u>	<u>\$ 692,205</u>	<u>\$ 2,408,242</u>