
THE ENDOWMENT FUND OF THE
PHI KAPPA PSI FRATERNITY
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
Together with Independent Auditors' Report
DECEMBER 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Endowment Fund of the Phi Kappa Psi Fraternity:

We have audited the accompanying consolidated financial statements of The Endowment Fund of the Phi Kappa Psi Fraternity (d/b/a Phi Kappa Psi Foundation; Phi Psi Foundation), an Illinois not-for-profit corporation, and Subsidiaries (the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2014 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2014, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 25, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Greenwalt CPAs, Inc.

June 23, 2015

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

<u>ASSETS</u>		
	<u>2014</u>	<u>2013</u>
Cash	\$ 677,143	\$ 534,935
Contributions receivable, net of allowance	1,488,767	1,733,769
Notes receivable	4,312,416	4,459,233
Other receivables	26,217	26,860
Investments	19,226,983	19,686,361
Cash surrender value of life insurance	5,663,974	5,353,067
Property held as an investment, net	636,527	662,198
Property and equipment, net	2,170,183	2,357,579
Beneficial interest in perpetual trusts	626,815	499,940
Prepaid expenses	33,906	34,077
	<u>34,862,931</u>	<u>35,348,019</u>
<i>Total assets</i>	<u>\$ 34,862,931</u>	<u>\$ 35,348,019</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
LIABILITIES		
Accounts payable and accrued expenses	\$ 131,223	\$ 145,828
Related party payable	-	59,269
Mortgages payable	389,512	397,818
Customer deposits	27,100	20,957
	<u>547,835</u>	<u>623,872</u>
<i>Total liabilities</i>	<u>547,835</u>	<u>623,872</u>
 NET ASSETS		
Unrestricted		
Undesignated	783,696	1,119,060
Designated	14,055,759	13,307,381
	<u>14,839,455</u>	<u>14,426,441</u>
<i>Total unrestricted net assets</i>	<u>14,839,455</u>	<u>14,426,441</u>
Temporarily restricted	18,136,345	19,085,285
Permanently restricted	1,339,296	1,212,421
	<u>34,315,096</u>	<u>34,724,147</u>
<i>Total net assets</i>	<u>34,315,096</u>	<u>34,724,147</u>
	<u>\$ 34,862,931</u>	<u>\$ 35,348,019</u>
<i>Total liabilities and net assets</i>	<u>\$ 34,862,931</u>	<u>\$ 35,348,019</u>

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
REVENUES, GAINS AND OTHER SUPPORT					
Member support and other contributions	\$ 1,175,378	\$ 1,714,369	\$ -	\$ 2,889,747	\$ 2,758,516
Endowed operating fund grant	23,504	-	-	23,504	20,771
Investment income, net of fees	2,209,282	1,212,648	-	3,421,930	1,784,618
Change in beneficial interest in perpetual trusts	-	-	126,875	126,875	63,834
Interest income on notes receivable	21,672	233,515	-	255,187	261,888
Rental income	141,547	-	-	141,547	126,288
Increase in cash value of life insurance	310,907	-	-	310,907	316,218
Designated fund investment/management fee	270,960	-	-	270,960	259,095
Events income	147,610	-	-	147,610	147,947
Other revenue	1,375	-	-	1,375	14,041
Loss on disposal of assets	-	-	-	-	(5,158)
Net assets released from restrictions	4,109,472	(4,109,472)	-	-	-
<i>Total revenues, gains and other support</i>	<u>8,411,707</u>	<u>(948,940)</u>	<u>126,875</u>	<u>7,589,642</u>	<u>5,748,058</u>
EXPENSES					
Program	4,746,833	-	-	4,746,833	4,101,917
Management and general	630,946	-	-	630,946	673,006
Fundraising	887,848	-	-	887,848	864,643
<i>Total functional expenses</i>	<u>6,265,627</u>	<u>-</u>	<u>-</u>	<u>6,265,627</u>	<u>5,639,566</u>
LIFE INSURANCE PREMIUMS (NOTE 11)					
<i>Total expenses</i>	<u>1,733,066</u>	<u>-</u>	<u>-</u>	<u>1,733,066</u>	<u>1,730,066</u>
	<u>7,998,693</u>	<u>-</u>	<u>-</u>	<u>7,998,693</u>	<u>7,369,632</u>
CHANGE IN NET ASSETS	413,014	(948,940)	126,875	(409,051)	(1,621,574)
NET ASSETS, BEGINNING OF YEAR	<u>14,426,441</u>	<u>19,085,285</u>	<u>1,212,421</u>	<u>34,724,147</u>	<u>36,345,721</u>
NET ASSETS, END OF YEAR	<u>\$ 14,839,455</u>	<u>\$ 18,136,345</u>	<u>\$ 1,339,296</u>	<u>\$ 34,315,096</u>	<u>\$ 34,724,147</u>

See accompanying notes to consolidated financial statements.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2014 Total</u>	<u>2013 Total</u>
Educational program grants (Phi Kappa Psi Fraternity grants, etc.)	\$ 110,569	\$ -	\$ -	\$ 110,569	\$ 110,271
Grants, fellowships, scholarships and educational area grants	3,807,462	-	-	3,807,462	3,224,578
Endowed operating fund grant	-	23,504	-	23,504	20,771
Salary, wages, taxes and benefits	121,661	135,541	474,279	731,481	686,582
Travel, lodging, meals and entertainment	30,376	127,757	58,188	216,321	170,306
Conferences and professional development	50	6,111	100	6,261	19,859
Gifted policy insurance premiums	-	-	2,662	2,662	2,662
Professional services (accounting, legal, consulting, etc.)	35,268	82,782	44,012	162,062	294,839
Designated fund and LLC investment management fee	285,321	-	-	285,321	259,095
Supplies	1,316	10,641	8,686	20,643	21,357
Dues, licenses and subscriptions	865	5,436	9,010	15,311	10,945
Postage and delivery	2,654	9,611	72,688	84,953	42,749
Advertising, creative, printing and reproduction	11,601	13,699	101,309	126,609	117,161
Depreciation	112,477	82,770	32,300	227,547	229,490
Mortgage interest, banking and financial fees	25,748	18,221	-	43,969	47,805
Investment manager fees	40,127	-	-	40,127	28,767
Property and liability insurance	6,379	6,083	2,374	14,836	11,853
Utilities	18,595	19,466	10,131	48,192	42,555
Maintenance and repairs	28,516	27,190	10,611	66,317	74,523
Facility services	24,151	23,027	8,986	56,164	47,160
Equipment rental	397	7,477	-	7,874	6,873
Vehicle insurance, maintenance and repairs	-	-	15,251	15,251	11,147
Bad debt expense (unfulfilled pledges)	69,198	3,750	37,261	110,209	98,829
In-kind expense	12,710	27,880	-	40,590	14,000
Other	1,392	-	-	1,392	45,389
	<u>\$ 4,746,833</u>	<u>\$ 630,946</u>	<u>\$ 887,848</u>	<u>\$ 6,265,627</u>	<u>\$ 5,639,566</u>

See accompanying notes to consolidated financial statements.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Page 1 of 2

INCREASE (DECREASE) IN CASH

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grantors, contributors and others	\$ 3,507,565	\$ 3,336,167
Cash paid for scholarships and grants	(3,918,031)	(3,334,849)
Cash paid to vendors and employees	(2,057,929)	(1,883,009)
Interest paid	(25,614)	(26,135)
Cash investment income, net of fees	129,949	166,209
Interest income on notes receivable	255,187	261,888
	<u>(2,108,873)</u>	<u>(1,479,729)</u>
<i>Net cash used in operating activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(11,293,206)	(15,424,636)
Proceeds from sales and maturities of investments	15,153,322	18,097,562
Life insurance premium paid on investment contract	(1,733,066)	(1,730,066)
Purchase of property and equipment	(14,480)	(22,279)
Net decrease in notes receivable	146,817	139,669
	<u>2,259,387</u>	<u>1,060,250</u>
<i>Net cash provided by investing activities</i>		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on mortgages	(8,306)	(7,784)
CHANGE IN CASH	142,208	(427,263)
CASH, BEGINNING OF YEAR	<u>534,935</u>	<u>962,198</u>
CASH, END OF YEAR	<u>\$ 677,143</u>	<u>\$ 534,935</u>
SCHEDULE OF NON-CASH INVESTING ACTIVITY		
Property and equipment in accounts payable	\$ -	\$ 28,035
Trade-in credit applied to vehicle leases	\$ -	\$ 21,075
Donated stock	\$ 108,757	\$ 633,395

**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH USED IN OPERATING ACTIVITIES**

	<u>2014</u>	<u>2013</u>
CHANGE IN NET ASSETS	\$ (409,051)	\$ (1,621,574)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Depreciation	227,547	229,490
Realized gain on sale of investments	(1,664,787)	(1,288,780)
Unrealized gain on investments	(1,627,194)	(329,629)
Change in beneficial interest in perpetual trusts	(126,875)	(63,834)
Increase in cash value of life insurance	(310,907)	(316,218)
Investment in life insurance premium	1,733,066	1,730,066
Loss on disposal of assets	-	5,158
Noncash contributions	(108,757)	(633,395)
<i>(Increase) decrease in operating assets:</i>		
Contributions receivable	245,002	755,767
Other receivables	643	(15,241)
Prepaid expenses	171	547
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable and accrued expenses	(14,605)	12,438
Related party payable	(59,269)	54,269
Customer deposits	6,143	1,207
<i>Total adjustments</i>	<u>(1,699,822)</u>	<u>141,845</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>\$ (2,108,873)</u></u>	<u><u>\$ (1,479,729)</u></u>

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

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

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of the Foundation and its subsidiaries, PKP McMahan Finance Engine, LLC, Property Preservation, LLC, Oneonta-Maple, LLC, and Hammer Street Properties, LLC. All intercompany transactions have been eliminated in consolidation.

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

Property Preservation, LLC is a single member LLC owned by the Foundation. Oneonta-Maple, LLC and Hammer Street Properties, LLC are single member LLCs owned by Property Preservation, LLC. These limited liability companies own properties currently occupied by house corporations of the Phi Kappa Psi Fraternity, Inc. (the "Fraternity") and are held as investments.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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. Actual results could differ from those estimates.

The financial statements include certain prior year summarized comparative information in total, but not by net asset class and functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CASH

For purposes of the statements of cash flows, the Foundation considers cash held in a money market account and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2014 and 2013. Cash held in investment accounts is reported in investments on the statement of financial position. See Note 5. At December 31, 2014 and throughout the year, the Foundation maintained cash balances in excess of FDIC limits.

CONTRIBUTIONS RECEIVABLE

Unconditional gifts to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

The Foundation uses the allowance method to estimate uncollectible pledges receivable. The allowance is based on historical experience and management's analysis of specific promises made.

NOTES RECEIVABLE

Notes receivable represent outstanding mortgages from various house corporations. Notes receivable are reported at their carrying value. No allowance for doubtful accounts has been recorded against these loans based on their collateralization and prior collection history. Notes receivable represent 12.4% and 12.6% of total assets at December 31, 2014 and 2013, respectively.

INVESTMENTS AND INVESTMENT RETURN

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Investments in open-ended mutual funds are carried at their estimated fair values. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

The Foundation maintains pooled investment accounts for its endowments, Chapter Scholarship Funds, Chapter Campaign Funds, Educational Operating Funds, Mentor Scholarship Funds, and Individual or Named Funds. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual funds based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CASH SURRENDER VALUE OF LIFE INSURANCE

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

PROPERTY AND EQUIPMENT

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost and expenditures for normal maintenance and repairs are expensed as incurred. Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset. Depreciation expense was \$227,547 and \$229,490 for 2014 and 2013, respectively.

CUSTOMER DEPOSITS

Deposits for the rental of Laurel Hall for future events have been collected in advance. The revenue from the rental will be recognized when the events occur.

NET ASSETS

Unrestricted net assets include revenue and expenses from the regular operations of the Foundation, the uses of which are at the discretion of management and the Board of Trustees.

Designated net assets are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects or investments.

Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific use or time period. Temporarily restricted net assets primarily represent funds that have been given by donors for Chapter Scholarship Funds, Chapter Campaign Funds, Chapter Educational Operating Funds and Mentor Scholarship Funds.

Permanently restricted net assets include assets of the Foundation for which the donor has stipulated that the contribution be maintained in perpetuity. Donor imposed restrictions limiting the use of assets or their economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. See Note 2.

CONTRIBUTIONS

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

TAX STATUS

The Foundation is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar provision of state law. Accordingly, no provision is made for federal or state income taxes or income tax effects. The Foundation is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code.

All tax periods prior to 2011 are no longer subject to examination.

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses have been classified as program, management and general, and fundraising based on the actual direct expenditures and cost allocation based on estimates of time and usage by organization personnel and programs.

FAIR VALUE MEASUREMENTS

Accounting Standards for Fair Value define fair value as the price that would be received for an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. These standards also establish a three-level fair value hierarchy for disclosure that prioritizes valuations based on whether the significant inputs used to estimate fair value are observable, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to valuations primarily based on unobservable inputs (level 3 measurements). The methods for determining fair value have not changed in 2014.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

Fair values measured on a recurring basis at December 31, 2014 are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Mutual funds:				
Fixed Income	\$ 958,153	\$ 958,153	\$ -	\$ -
Equity	1,672,595	1,672,595	-	-
Equity securities	768,168	768,168	-	-
US Treasury Bills	3,099,842	3,099,842	-	-
Hedge funds:				
Gas and oil royalty funds	12,539,515	-	-	12,539,515
Beneficial interest in perpetual trusts	626,815	-	626,815	-
Contributions receivable	1,488,767	-	-	1,488,767
	<u>\$ 21,153,855</u>	<u>\$ 6,498,758</u>	<u>\$ 626,815</u>	<u>\$ 14,028,282</u>

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

Assets Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3) are as follows:

	<u>Gas and oil royalty funds</u>	<u>Hard assets</u>	<u>Contributions receivable</u>
Balances, December 31, 2013	\$ 11,272,984	\$ 2,444	\$ 1,733,769
Realized gain	1,369,570	-	-
Unrealized gain	1,626,961	-	-
Proceeds	(1,730,000)	(2,444)	-
Contributions received, net	-	-	(268,253)
Change in discount to present value	-	-	(3,575)
Change in allowance	-	-	26,826
Balances, December 31, 2014	<u>\$ 12,539,515</u>	<u>\$ -</u>	<u>\$ 1,488,767</u>

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

Fair values measured on a recurring basis at December 31, 2013 are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Mutual funds:				
Fixed Income	\$ 1,465,938	\$ 1,465,938	\$ -	\$ -
Equity	1,709,047	1,709,047	-	-
Equity securities	572,709	572,709	-	-
US Treasury Bills	3,199,680	3,199,680	-	-
Hedge funds:				
Gas and oil royalty funds	11,272,984	-	-	11,272,984
Hard assets	2,444	-	-	2,444
Beneficial interest in perpetual trusts	499,940	-	499,940	-
Contributions receivable	<u>1,733,769</u>	<u>-</u>	<u>-</u>	<u>1,733,769</u>
	<u>\$ 20,456,511</u>	<u>\$ 6,947,374</u>	<u>\$ 499,940</u>	<u>\$ 13,009,197</u>

Following is a description of the valuation methodologies used for assets measured at fair market value:

Mutual funds - Valued at the net asset value of shares held by the Foundation at year-end quoted in active markets and classified within Level 1 of the valuation hierarchy.

Equity securities and US Treasuries - Valued at the closing price reported on a publicly traded market and classified within Level 1 of the valuation hierarchy.

Hedge funds - Valued based on amounts the Foundation would have received at December 31, 2014 and 2013 had it liquidated its interests. See Note 5.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

Beneficial interest in perpetual trusts – The Foundation has an interest in two trusts. One is valued based on the estimated present value of the future cash flows of the interest, and the other is valued at the fair value of the underlying trust assets as reported by the trustee. See Note 8.

Contributions receivable - Valued at their gross amount less an estimated allowance and less an estimated discount to present value as described in Note 3.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through June 23, 2015, which is the date the financial statements were available to be issued.

2. ENDOWMENT FUNDS

The Foundation's endowment includes some permanently restricted contributions from donor's that were made to provide a source of income for scholarships. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the purchasing power 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 of this interpretation, the Foundation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. 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 Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2014 AND 2013

2. ENDOWMENT FUNDS, CONTINUED

Changes in endowment Net Assets for the Year Ended December 31, 2014:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ 86,239	\$ 1,212,421
Change in value of beneficial interest in perpetual trusts	-	126,875
Net investment income	42,007	-
Appropriated for spending	<u>(38,635)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 89,611</u>	<u>\$ 1,339,296</u>

Changes in endowment Net Assets for the Year Ended December 31, 2013:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ 87,880	\$ 1,148,587
Change in value of beneficial interest in perpetual trusts	-	63,834
Net investment income	48,422	-
Appropriated for spending	<u>(50,063)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 86,239</u>	<u>\$ 1,212,421</u>

RETURN OBJECTIVES AND RISK PARAMETERS

The Foundation has adopted investment 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.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2014 AND 2013

2. ENDOWMENT FUNDS, CONTINUED

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy administered 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 long-term growth and a reasonable return. Under this policy, the endowment assets are invested to preserve capital and focus on the long-term growth of assets with the objective of producing a minimum return of 5% plus the rate of inflation annualized over a market cycle.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Foundation has a policy whereby disbursements may be made up to 5% of the endowment's previous year fund balance for scholarships and grants with the exception of endowed funds governed by fund specific gift agreements. 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 investment return.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31 consisted of the following:

	<u>2014</u>	<u>2013</u>
Due within one year	\$ 851,232	\$ 935,705
Due in one to five years	720,844	839,483
Due in more than five years	<u>121,098</u>	<u>186,239</u>
	1,693,174	1,961,427
Allowance for uncollectible contributions	(169,317)	(196,143)
Unamortized discount	<u>(35,090)</u>	<u>(31,515)</u>
	<u>\$ 1,488,767</u>	<u>\$ 1,733,769</u>

4. NOTES RECEIVABLE

The value of the notes receivable at December 31, 2014 and 2013 was \$4,312,416 and \$4,459,233. The notes accrue interest annually at rates ranging from 5.5% to 7.0% and have various maturity lengths ranging from 10 years to 33 years.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

5. INVESTMENTS

The Foundation's investments are stated at fair value in the statement of financial position. Fair market value of equity securities, mutual funds, and Treasury Bills is the value of the security, fund, or bill at market close on the date of valuation. The fair value of the hedge fund investments is based on the amount that the Foundation would have received at December 31, 2014 had it liquidated its interests. Hedge funds may be redeemed in periods ranging from quarterly to semi-annually with 90 days to 6 months advance written notice. Unrealized gains and losses are reported in the statement of activities.

Investments at December 31 consisted of the following:

	<u>2014</u>	<u>2013</u>
Cash	\$ 188,710	\$ 1,463,559
US Treasury Bills	3,099,842	3,199,680
Equity securities	768,168	572,709
Mutual funds	2,630,748	3,174,985
Hedge funds:		
Gas and oil royalty funds	12,539,515	11,272,984
Hard assets	-	2,444
	<u>\$ 19,226,983</u>	<u>\$ 19,686,361</u>

Investments had a cost basis of \$9,918,000 and \$12,004,569 at December 31, 2014 and 2013, respectively.

Investment income (loss) detail at December 31:

	<u>2014</u>	<u>2013</u>
Realized gain	\$ 1,664,787	\$ 1,288,780
Unrealized gain (loss)	1,627,194	329,629
Investment income *	<u>129,949</u>	<u>166,209</u>
	<u>\$ 3,421,930</u>	<u>\$ 1,784,618</u>

*Investment income consists of interest, dividends and other investment income.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2014 AND 2013

6. PROPERTY HELD AS AN INVESTMENT

	<u>2014</u>	<u>2013</u>
Land, buildings and improvements	\$ 844,250	\$ 844,250
Less accumulated depreciation and amortization	<u>(207,723)</u>	<u>(182,052)</u>
	<u>\$ 636,527</u>	<u>\$ 662,198</u>

Property Preservation, LLC is the sole member of two limited liability companies that own and actively rent properties. The properties are occupied by house corporations. One of the properties has a mortgage (Note 9). The properties are being depreciated using the straight line method over 25 years.

7. PROPERTY AND EQUIPMENT

Property and equipment at December 31 consists of:

	<u>2014</u>	<u>2013</u>
Land, buildings and improvements	\$ 3,145,761	\$ 3,145,761
Furnishings and equipment	660,488	646,008
Antiques and works of art	<u>113,951</u>	<u>113,951</u>
	3,920,200	3,905,720
Less accumulated depreciation and amortization	<u>(1,750,017)</u>	<u>(1,548,141)</u>
	<u>\$ 2,170,183</u>	<u>\$ 2,357,579</u>

8. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Foundation is the irrevocable beneficiary of a portion of the income earned on the assets held by two perpetual trusts. The estimated present value of future cash flows of one is \$613,000 and \$486,000 at December 31, 2014 and 2013, respectively. The other trust is valued at the fair market value of the underlying assets as reported by the trustee, which was \$13,815 and \$13,940 at December 31, 2014 and 2013, respectively.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

9. LONG-TERM DEBT

Long term debt of the Foundation consists of a mortgage payable on Hammer Street Properties, LLC. The mortgage requires monthly payments of \$2,827 including interest at 6.5% through March 1, 2036. The debt outstanding on the mortgage at December 31, 2014 and 2013 was \$389,512 and \$397,818, respectively.

Future maturities of the mortgage payable are as follows for the years ending December 31:

2015	\$	8,814
2016		9,405
2017		10,034
2018		10,706
2019		11,423
Thereafter		339,130
	\$	<u>389,512</u>

10. NET ASSETS

DESIGNATED NET ASSETS

The board has designated net assets of \$14,055,759 and \$13,307,381 at December 31, 2014 and 2013, respectively. The Foundation's investment in the PKP McMahan Finance Engine, LLC (its wholly owned subsidiary) is included in designated net assets at December 31, 2014 and 2013.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$18,136,345 and \$19,085,285 at December 31, 2014 and 2013, respectively, are available for the following:

	<u>2014</u>	<u>2013</u>
Chapter specific funds and donor named funds	\$ 17,662,547	\$ 18,615,204
Ruth Lilly Fund (Laurel Hall Operating Fund)	473,798	470,081

PERMANENTLY RESTRICTED NET ASSETS

As described in Note 8, \$626,815 and \$499,940 of permanently restricted net assets represent a beneficial interest in perpetual trusts at December 31, 2014 and 2013, respectively. At December 31, 2014 and 2013, permanently restricted net assets also include \$712,480 for two endowments established as scholarship funds.

NET ASSETS RELEASED FROM RESTRICTIONS

Net assets of \$4,109,472 and \$3,038,053 for 2014 and 2013, respectively, were released due to chapter scholarships, grants and awards.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

11. RELATED PARTY TRANSACTIONS

The Foundation and the Fraternity are related parties that are not financially interrelated organizations. During 2014 and 2013, the Foundation granted \$110,569 and \$110,271, respectively, to the Fraternity for educational purposes. The Foundation owed the Fraternity \$59,269 at December 31, 2013 for a grant payable.

The Foundation has invested in two different funds related to a board trustee. The first is the Centaur Commercial Materials Fund. The trustee is President and CEO of this fund. The Centaur Commercial Materials Fund was liquidated during 2014. At December 31, 2013, the Foundation's investment was valued at \$2,444. The Centaur Commercial Materials Fund investment represented 0.01% of the Foundation's investment portfolio, which included notes receivable, at December 31, 2013. The other is the Caritas Royalties Fund. While the Caritas Royalties Fund is not related to the trustee, he owns Cornerstone Acquisition and Management Company, the investment consultant to the fund. The investment consultant agreement provides for a 20% semi-annual performance fee (if there is a loss, the performance fee is not earned until the loss is recouped in full). At December 31, 2014 and 2013, the Foundation's Caritas investments were valued at \$12,539,515 and \$11,272,984 respectively. The Caritas investments represented 53.2% and 46.7% of the Foundation's investment portfolio, which includes notes receivable, respectively.

For 2014 and 2013, the funds had a total return after performance and management fees as follows:

	<u>2014</u>	<u>2013</u>
Caritas Royalties Fund	30.2%	10.2%

The PKP McMahan Finance Engine, LLC is owner and beneficiary of a \$33,000,000 life insurance policy on a board trustee. The policy and gift agreement provide that the proceeds are to be disbursed as follows: \$6 million is to be distributed to a named beneficiary, \$2 million will be distributed among all existing Foundation Chapter Scholarship Funds, \$2 million for educational spaces within Phi Kappa Psi facilities, \$9.9 million will be retained by the Finance Engine and the remaining funds are to revert to the unrestricted funds of the Foundation. The policy requires annual premium payments of approximately \$1,200,000 through 2016 and is generated from earnings on the Caritas investment. At December 31, 2014 and 2013, the policy had a cash surrender value of \$4,918,131 and \$4,631,797, respectively that is included in cash surrender value of life insurance on the statements of financial position. The PKP McMahan Finance Engine, LLC is also the owner and beneficiary of a \$23,000,000 life insurance policy on two board trustees. The policy and gift agreement provide that the proceeds are to be disbursed as follows: \$3 million is to be distributed to a named beneficiary, \$6.9 million will be retained by the Finance Engine and the remaining funds are to revert to the unrestricted funds of the Foundation. The policy, according to the current in-force illustration, requires fluctuating annual premium payments of \$540,000 to \$1,400,000. The policy had no cash surrender value at December 31, 2014 and 2013.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

12. OPERATING LEASES

The Foundation leases office space to the Fraternity under an agreement which began January 1, 2006 and ends December 31, 2015. Oneonta-Maple, LLC leases housing space under an agreement which ended October 8, 2012. A formal extension has not been put in place, but the lease continues on a month-to-month basis. Hammer Street Properties, LLC leases housing space under an agreement which began November 2007 and ends May 31, 2016. Future minimum lease receipts are as follows for the years ending December 31:

2015	\$	122,447
2016		18,333
		<hr/>
	\$	140,780
		<hr/>

In September 2014, the Foundation entered into a lease for equipment and software. The lease ends August 31, 2019. The Foundation also leases two vehicles under an agreement which began May 1, 2013 and ends August 13, 2019. Future minimum lease payments are as follows for the years ending December 31:

2015	\$	11,767
2016		11,767
2017		7,034
2018		4,668
2019		3,112
		<hr/>
	\$	38,348
		<hr/>

13. NON-CASH CONTRIBUTIONS

The Foundation received non-cash contributions of stock of \$108,757 and \$633,395 during 2014 and 2013, respectively. The contributions have been reflected at the fair market value on the date of donation in the statement of activities. Non-cash contributions have been treated as non-cash transactions for statement of cash flow purposes.



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees of
The Endowment Fund of the Phi Kappa Psi Fraternity:

We have audited the consolidated financial statements of The Endowment Fund of the Phi Kappa Psi Fraternity (d/b/a Phi Kappa Psi Foundation; Phi Psi Foundation) and Subsidiaries (the "Foundation") as of and for the year ended December 31, 2014 and our report thereon dated June 23, 2015, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information shown in Exhibit I is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Exhibit I has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole. Information for the year ended December 31, 2013 was extracted from the consolidated financial statements for that year, on which an unmodified opinion dated June 25, 2014, was expressed.

Greenwalt CPAs, Inc.

June 23, 2015

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF RESTRICTED FUND NET ASSETS

DECEMBER 31, 2014 AND 2013

Exhibit I

Page 1 of 5

	<u>2014</u>	<u>2013</u>
	<u>Total</u>	<u>Total</u>
AL Alpha - Chapter Scholarship Fund	\$ 20,071	\$ 18,060
AL Beta - Chapter Scholarship Fund	1,443	1,150
AR Alumni Association - Chapter Scholarship Fund	1,830	-
AZ Alpha - Chapter Scholarship Fund	304,227	289,175
AZ Beta - Judd Shulak Scholarship Fund	44,754	42,302
CA Beta - Chapter Scholarship Fund	73,807	64,141
CA Delta* - Chapter Scholarship Fund	1,724,173	1,701,714
CA Delta - Lamson Scholarship Fund	35,302	30,026
CA Delta - Benton Lamson Mentor Scholarship Fund	-	1,266
CA Epsilon* - Chapter Scholarship Fund	1,420,252	1,411,714
CA Epsilon - Campaign Fund	614,627	2,132,609
CA Epsilon - Scott Thomas Scholarship Fund	42,832	40,773
CA Epsilon - James L. Tigner Jr. Scholarship Fund	197,767	187,557
CA Eta - Chapter Scholarship Fund	37,890	33,661
CA Gamma - Chapter Scholarship Fund	70,035	64,306
CA Gamma - Campaign Fund	463,895	500,753
CA Iota - Chapter Scholarship Fund	17,586	14,881
CA Kappa - J. Robert Meserve Memorial Scholarship Fund	24,004	21,830
CA Kappa - Campaign Fund	41,757	41,198
CA Lambda* - Robert W. Bailey Scholarship Fund	305,909	305,992
CA Mu - Chapter Scholarship Fund	4,918	4,414
CA Nu - Chapter Scholarship Fund	846	677
CA Theta - Chapter Scholarship Fund	5,605	4,853
CA Xi - Chapter Scholarship Fund	91	48
CA Zeta - Chapter Scholarship Fund	975	888
CO Alpha - Chapter Scholarship Fund	131,550	127,224
DC Alpha - Chapter Scholarship Fund	3,485	3,126
DE Alpha - Chapter Scholarship Fund	2,900	-
FL Alpha - Bob Foss Memorial Scholarship Fund	7,093	6,459
FL Beta - Chapter Scholarship Fund	159	145
GA Alpha - Chapter Scholarship Fund	12,609	11,487
GA Beta - Chapter Scholarship Fund	17,688	16,290
Houston Alumni - Chapter Scholarship Fund	21,154	19,111
IA Alpha - Chapter Scholarship Fund	73,822	66,911
IA Alpha - Junker Scholarship Fund	31,718	28,013
IA Beta - Chapter Scholarship Fund	54,047	49,258
IA Beta - Educational Operating Fund	143,468	179,939
IL Alpha - Chapter Scholarship Fund	22,683	20,483
IL Beta - Chapter Scholarship Fund	34,953	33,319
IL Delta - Stephen W. Acheson Scholarship Fund	56,312	61,689
IL Delta - C.F. "Dab" Williams Scholarship Fund	103,914	98,768

* Balance reflects assets allocated for loans

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF RESTRICTED FUND NET ASSETS

DECEMBER 31, 2014 AND 2013

Exhibit I

Page 2 of 5

	<u>2014</u>	<u>2013</u>
	<u>Total</u>	<u>Total</u>
IL Delta - Campaign Fund	\$ 339,419	\$ -
IL Epsilon - Chapter Scholarship Fund	38,835	35,149
IL Eta - Chapter Scholarship Fund	14,186	12,578
IL Iota - Chapter Scholarship Fund	4,070	3,708
IL Theta - Chapter Scholarship Fund	16,846	14,801
IL Zeta - Chapter Scholarship Fund	49,526	46,446
IN Alpha - Chapter Scholarship Fund	209,185	199,056
IN Alpha - Campaign Fund	176,170	162,391
IN Beta - Chapter Scholarship Fund	122,040	117,773
IN Beta - Campaign Fund	207,249	485,153
IN Beta - Bradley Henninger Scholarship Fund	106,624	97,786
IN Beta - Reach for Excellence Scholarship Fund	15,672	13,338
IN Delta* - Chapter Scholarship Fund	169,961	160,490
IN Delta - Educational Operating Fund	18,279	-
IN Delta - Campaign Fund	41,740	114,714
IN Epsilon - Chapter Scholarship Fund	144,000	132,129
IN Epsilon - Donald V. Fites Mentor Scholarship Fund	62,620	57,007
IN Eta - Chapter Scholarship Fund	14,672	13,922
IN Gamma - Edward H. Knight Scholarship Fund	54,231	49,117
IN Iota - Chapter Scholarship Fund	930	548
IN Theta - Chapter Scholarship Fund	5,473	4,849
IN Zeta - Chapter Scholarship Fund	62,547	53,983
KS Alpha - Chapter Scholarship Fund	14,102	12,659
KS Alpha - Riley Scholarship Fund	22,427	20,433
KY Beta - Chapter Scholarship Fund	34,555	32,920
LA Alpha - Chapter Scholarship Fund	30,172	26,348
LA Beta - Chapter Scholarship Fund	23,869	21,790
LA Gamma - Chapter Scholarship Fund	16,375	14,860
MA Beta - Chapter Scholarship Fund	19,039	16,471
MD Alpha* - Chapter Scholarship Fund	472,028	457,813
MD Gamma - Chapter Scholarship Fund	3,567	3,174
MI Alpha - Campaign Fund	20,998	12,168
MI Alpha - Wolverine Scholarship Fund	63,986	61,013
MI Beta - Chapter Scholarship Fund	64,308	59,446
MI Beta* - Charles and Estelle Williams Scholarship Fund	419,540	400,814
MN Beta - Chapter Scholarship Fund	219,144	206,179
MN Delta - Chapter Scholarship Fund	14,690	12,475
MN Gamma - Chapter Scholarship Fund	8,171	7,013
MO Alpha - Chapter Scholarship Fund	181,830	164,057
MS Alpha - Chapter Scholarship Fund	15,125	13,760

* Balance reflects assets allocated for loans

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF RESTRICTED FUND NET ASSETS

DECEMBER 31, 2014 AND 2013

Exhibit I

Page 3 of 5

	<u>2014</u>	<u>2013</u>
	<u>Total</u>	<u>Total</u>
MS Alpha - Christopher J. Grimaud Scholarship Fund	\$ 19,191	\$ -
NC Alpha - Chapter Scholarship Fund	36,500	34,837
NC Beta - Chapter Scholarship Fund	9,673	8,598
NE Alpha - Chapter Scholarship Fund	29,810	27,067
NE Alpha - Dan Cook Campaign Fund	144,218	131,010
NE Alpha - Robert Hamilton Scholarship Fund	42,084	38,341
NE Alpha - Walter and Virginia Henrion Fellowship Fund	102,488	96,919
NE Alpha - Western Nebraska Scholarship Fund	16,225	14,782
NE Beta - Theodore J. Urban Scholarship Fund	21,576	19,948
NJ Alpha - Chapter Scholarship Fund	372	339
NJ Beta - Chapter Scholarship Fund	7,039	6,414
NJ Delta - Member Excellence Scholarship Fund	11,722	10,004
NJ Epsilon - Chapter Scholarship Fund	15,990	13,974
NJ Gamma - Chapter Scholarship Fund	4,842	4,325
NM Alpha - Chapter Scholarship Fund	1,939	1,766
NY Alpha - Chapter Scholarship Fund	80,039	72,331
NY Beta - Chapter Scholarship Fund	11,219	10,100
NY Epsilon - Chapter Scholarship Fund	315	287
NY Eta - Chapter Scholarship Fund	50,834	48,070
NY Iota - Chapter Scholarship Fund	2,083	1,898
NY Kappa - Chapter Scholarship Fund	59,259	53,635
NY Theta - Brian D. Bauer Scholarship Fund	29,006	27,209
NY Theta - Chapter Scholarship Fund	81,949	74,951
OH Alpha - Chapter Scholarship Fund	32,610	30,582
OH Beta - Chapter Scholarship Fund	342,756	324,762
OH Delta* - Norman "Norm" M. Spain Scholarship Fund	36,037	35,877
OH Delta* - J. Gilbert Reese Scholarship Fund	742,801	741,692
OH Delta* - Mil Batten Scholarship Fund	36,330	36,204
OH Delta* - Howard L. Hamilton Scholarship Fund	40,638	37,589
OH Delta* - Manning Webster Scholarship Fund	50,854	50,600
OH Delta - Honors Lodge Educational Operating Fund	82,198	99,000
OH Delta* - Robert Frost Scholarship Fund	1,119,119	1,075,422
OH Delta - Chapter House Educational Operating Fund	242,778	258,380
OH Epsilon - Chapter Scholarship Fund	207,752	189,449
OH Epsilon - Medical Education Scholarship Fund	707	644
OH Eta - Chapter Scholarship Fund	11,084	10,058
OH Iota - Chapter Scholarship Fund	760	559
OH Lambda* - Chapter Scholarship Fund	56,567	49,127
OH Mu - Chapter Scholarship Fund	61,468	56,005
OH Nu - Chapter Scholarship Fund	1,635	1,368

* Balance reflects assets allocated for loans

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF RESTRICTED FUND NET ASSETS

DECEMBER 31, 2014 AND 2013

Exhibit I

Page 4 of 5

	<u>2014</u> <u>Total</u>	<u>2013</u> <u>Total</u>
OH Nu - Campaign Fund	\$ 12,631	\$ -
OH Omicron - Chapter Scholarship Fund	286	212
OH Theta - Chapter Scholarship Fund	11,980	10,877
OH Theta - Helen B. Smith Leadership Fund	9,818	760
OH Theta - Jerry and Terrie Dunlap Scholarship Fund	24,336	11,216
OH Xi - Chapter Scholarship Fund	14,329	10,809
OH Zeta - Chapter Scholarship Fund	31,191	28,735
OK Alpha - Chapter Scholarship Fund	29,721	26,913
OK Alpha - Wittrock Scholarship Fund	12,878	11,682
OK Beta - Chapter Scholarship Fund	492	449
OR Alpha - Chapter Scholarship Fund	27,206	24,904
OR Alpha - Maurice O'Callaghan Scholarship Fund	16,442	14,106
OR Alpha - Hugh B. Oliphant Scholarship Fund	35,535	33,118
OR Alpha - Mo Warnock Scholarship Fund	88,039	83,200
OR Beta - Chapter Scholarship Fund	208,766	194,982
OR Beta - Campaign Fund	88,865	177,271
PA Alpha - Chapter Scholarship Fund	8,099	5,566
PA Beta - Chapter Scholarship Fund	52,076	47,974
PA Epsilon - Chapter Scholarship Fund	90,678	90,613
PA Eta - Chapter Scholarship Fund	19,538	18,411
PA Gamma - Chapter Scholarship Fund	54,524	49,595
PA Iota - Chapter Scholarship Fund	44,507	40,311
PA Iota - Corriea Scholarship Fund	7,934	2,719
PA Lambda - Chapter Scholarship Fund	33,179	31,010
PA Lambda - Campaign Fund	174,540	159,683
PA Nu - Chapter Scholarship Fund	31,468	28,657
PA Phi - Chapter Scholarship Fund	4,210	3,667
PA Pi - Chapter Scholarship Fund	155	141
PA Rho - Chapter Scholarship Fund	7,338	5,120
PA Sigma - Chapter Scholarship Fund	3,813	3,472
PA Tau - Chapter Scholarship Fund	1,734	1,580
PA Theta* - Chapter Scholarship Fund	402,912	391,272
PA Theta - Educational Operating Fund	136,820	126,119
PA Upsilon - Chapter Scholarship Fund	5,964	5,189
PA Xi - Chapter Scholarship Fund	817	744
PA Zeta - Chapter Scholarship Fund	2,085	1,890
RI Alpha - Chapter Scholarship Fund	31,607	28,800
RI Alpha - Dovey Memorial Scholarship Fund	1,776	1,618
RI Beta - Chapter Scholarship Fund	127,613	121,627
TN Delta - Graham Stone Memorial Scholarship Fund	19,742	14,653
TN Delta - Campaign Fund	41,734	130,076

* Balance reflects assets allocated for loans

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF RESTRICTED FUND NET ASSETS

DECEMBER 31, 2014 AND 2013

Exhibit I

Page 5 of 5

	<u>2014</u>	<u>2013</u>
	<u>Total</u>	<u>Total</u>
TN Epsilon - Chapter Scholarship Fund	\$ 57,010	\$ 51,124
TX Alpha - Centennial Scholarship Fund	643,928	602,698
TX Alpha - Derrick Eakin Memorial Scholarship Fund	16,752	15,262
TX Alpha - John Dubberley Scholarship Fund	13,511	12,309
TX Alpha - Longview Scholarship Fund	102,432	92,865
TX Alpha - St. Tacky Scholarship Fund	68,147	62,096
TX Alpha - Paul Cox Memorial Scholarship Fund	15,568	14,184
TX Beta - Bill Collins Scholarship Fund	127,241	136,780
TX Beta - Campaign Fund	11,029	40,735
TX Delta - Chapter Scholarship Fund	2,318	2,112
TX Epsilon - Chapter Scholarship Fund	10,687	9,716
TX Gamma - Chapter Scholarship Fund	9,783	8,882
TX Zeta - Chapter Scholarship Fund	6,144	5,574
VA Alpha - Chapter Scholarship Fund	7,946	7,239
VA Beta - George S. Lantzas Scholarship Fund	57,482	54,652
VA Beta - C. Stephen Leonard Scholarship Fund	117,555	112,145
VA Beta - Jerry Nelson Mentor Scholarship Fund	74,756	59,770
VA Beta - Educational Operating Fund	11,323	-
VA Beta - Campaign Fund	-	151,037
VA Eta - Chapter Scholarship Fund	1,921	1,631
VA Zeta - Chapter Scholarship Fund	8,892	8,485
VA Zeta - Willow Creek/Philpott Memorial Scholarship Fund	1,615	1,472
WA Alpha* - Chapter Scholarship Fund	521,775	495,383
WV Alpha - Chapter Scholarship Fund	32,160	30,353
WI Gamma - Chapter Scholarship Fund	78,033	70,162
Philip M. Cornelius Scholarship Fund	41,561	37,877
Excellence in Advising Fund	45,725	43,785
Ralph D. Daniel Leadership Award Fund	91,349	86,852
Ruddick C. Lawrence Scholarship Fund	119,419	108,839
Leadership and Member Development Fund	1,060	15,044
Health and Wellness Fund	168,028	-
Pledge Smart, Keep Smart Tony Horton Scholarship Fund	74,095	-
Gordon S. Letterman Scholarship Fund	4,928	4,490
William H. Blanning Scholarship Fund	189,312	169,649
Wineman International Fellowship Fund	481	4
American Leadership Academy Fellowship Fund	3,678	-
Terry Harper Fellowship Fund	45,820	43,663
Jerry Nelson Scholarship Fund	43,613	36,414
Watkins Christian Scholarship Fund	59,291	57,027

* Balance reflects assets allocated for loans