
THE ENDOWMENT FUND OF THE
PHI KAPPA PSI FRATERNITY
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
Together with Independent Auditors' Report
DECEMBER 31, 2015 AND 2014

GREENWALT^{CPAs}

We Deliver Peace of Mind



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, 2015 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, 2015, 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 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Greenwalt CPAs, Inc.

June 29, 2016

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Cash	\$ 650,959	\$ 677,143
Contributions receivable, net of allowance	1,621,172	1,488,767
Related party receivable	96,507	-
Notes receivable	4,188,291	4,312,416
Other receivables	1,000	26,217
Investments	16,254,787	19,226,983
Cash surrender value of life insurance	5,892,245	5,663,974
Property held as an investment, net	610,857	636,527
Property and equipment, net	2,026,963	2,170,183
Beneficial interest in perpetual trusts	556,300	626,815
Prepaid expenses	37,623	33,906
	<u>31,936,704</u>	<u>34,862,931</u>
<i>Total assets</i>	<u>\$ 31,936,704</u>	<u>\$ 34,862,931</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 155,835	\$ 131,223
Gift annuity payable	9,355	-
Mortgage payable	380,624	389,512
Customer deposits	23,550	27,100
	<u>569,364</u>	<u>547,835</u>
<i>Total liabilities</i>	<u>569,364</u>	<u>547,835</u>

COMMITMENT (NOTE 12)

NET ASSETS

Unrestricted		
Undesignated	349,115	783,696
Designated	12,098,416	14,055,759
	<u>12,447,531</u>	<u>14,839,455</u>
<i>Total unrestricted net assets</i>	<u>12,447,531</u>	<u>14,839,455</u>
Temporarily restricted	17,651,027	18,136,345
Permanently restricted	1,268,782	1,339,296
	<u>18,919,809</u>	<u>19,475,641</u>
<i>Total net assets</i>	<u>31,367,340</u>	<u>34,315,096</u>
	<u>\$ 31,936,704</u>	<u>\$ 34,862,931</u>
<i>Total liabilities and net assets</i>	<u>\$ 31,936,704</u>	<u>\$ 34,862,931</u>

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
REVENUES, GAINS AND OTHER SUPPORT					
Member support and other contributions	\$ 1,072,582	\$ 1,820,761	\$ -	\$ 2,893,343	\$ 2,889,747
Endowed operating fund grant	23,663	-	-	23,663	23,504
Investment income (loss), net of fees	(391,460)	(249,680)	-	(641,140)	3,421,930
Change in beneficial interest in perpetual trusts	-	-	(70,514)	(70,514)	126,875
Change in value of gift annuity	(836)	-	-	(836)	-
Interest income on notes receivable	21,017	226,426	-	247,443	255,187
Rental income	131,825	-	-	131,825	141,547
Increase in cash value of life insurance	228,271	-	-	228,271	310,907
Designated fund investment/management fee	260,387	-	-	260,387	270,960
Events income	170,701	-	-	170,701	147,610
Other revenue	-	-	-	-	1,375
Net assets released from restrictions	2,282,825	(2,282,825)	-	-	-
<i>Total revenues, gains and other support</i>	<u>3,798,975</u>	<u>(485,318)</u>	<u>(70,514)</u>	<u>3,243,143</u>	<u>7,589,642</u>
EXPENSES					
Program	2,993,282	-	-	2,993,282	4,746,833
Management and general	668,010	-	-	668,010	630,946
Fundraising	796,541	-	-	796,541	887,848
<i>Total functional expenses</i>	<u>4,457,833</u>	<u>-</u>	<u>-</u>	<u>4,457,833</u>	<u>6,265,627</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>1,733,066</u>
	<u>6,190,899</u>	<u>-</u>	<u>-</u>	<u>6,190,899</u>	<u>7,998,693</u>
CHANGE IN NET ASSETS	(2,391,924)	(485,318)	(70,514)	(2,947,756)	(409,051)
NET ASSETS, BEGINNING 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>
NET ASSETS, END OF YEAR	<u>\$ 12,447,531</u>	<u>\$ 17,651,027</u>	<u>\$ 1,268,782</u>	<u>\$ 31,367,340</u>	<u>\$ 34,315,096</u>

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2015 Total</u>	<u>2014 Total</u>
Educational program grants (Phi Kappa Psi Fraternity grants, etc.)	90,877	\$ -	\$ -	\$ 90,877	\$ 110,569
Grants, fellowships and scholarships	588,801	-	-	588,801	589,049
Educational area grants	1,434,825	-	-	1,434,825	3,218,413
Endowed operating fund grant	-	23,663	-	23,663	23,504
Salary, wages, taxes and benefits	142,202	142,430	383,826	668,458	731,481
Travel, lodging, meals and entertainment	23,986	102,378	73,388	199,752	216,321
Conferences and professional development	-	6,009	3,630	9,639	6,261
Gifted policy insurance premiums	-	-	2,662	2,662	2,662
Professional services (accounting, legal, consulting, etc.)	72,441	151,778	49,023	273,242	162,062
Designated fund and LLC investment management fee	280,283	-	-	280,283	285,321
Supplies	1,208	7,377	4,840	13,425	20,643
Dues, licenses and subscriptions	108	2,076	10,385	12,569	15,311
Postage and delivery	2,697	4,956	22,575	30,228	84,953
Advertising, creative, printing and reproduction	26,686	11,825	119,086	157,597	126,609
Depreciation	91,988	63,233	24,676	179,897	227,547
Mortgage interest, banking and financial fees	25,057	18,309	-	43,366	43,969
Investment manager fees	29,872	-	-	29,872	40,127
Property and liability insurance	1,601	18,583	3,540	23,724	14,836
Utilities	16,349	15,065	9,784	41,198	48,192
Maintenance and repairs	43,439	41,418	16,163	101,020	66,317
Facility services	27,483	26,205	10,226	63,914	56,164
Equipment rental	-	2,955	-	2,955	7,874
Vehicle insurance, maintenance and repairs	-	-	15,657	15,657	15,251
Bad debt expense (unfulfilled pledges)	87,434	2,750	47,080	137,264	110,209
In-kind expense	5,945	27,000	-	32,945	40,590
Other	-	-	-	-	1,392
	<u>\$ 2,993,282</u>	<u>\$ 668,010</u>	<u>\$ 796,541</u>	<u>\$ 4,457,833</u>	<u>\$ 6,265,627</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, 2015 AND 2014

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INCREASE (DECREASE) IN CASH

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grantors, contributors and others	\$ 2,942,956	\$ 3,507,565
Cash paid for scholarships and grants	(2,114,503)	(3,918,031)
Cash paid to vendors and employees	(1,980,217)	(2,057,929)
Interest paid	(25,057)	(25,614)
Cash investment income, net of fees	86,487	129,949
Interest income on notes receivable	247,443	255,187
	<u>(842,891)</u>	<u>(2,108,873)</u>
<i>Net cash used in operating activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(13,556,767)	(11,293,206)
Proceeds from sales and maturities of investments	15,992,955	15,153,322
Life insurance premium paid on investment contract	(1,733,066)	(1,733,066)
Receipt of gift annuity	9,355	-
Purchase of property and equipment	(11,007)	(14,480)
Net decrease in notes receivable	124,125	146,817
	<u>825,595</u>	<u>2,259,387</u>
<i>Net cash provided by investing activities</i>		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on mortgages	(8,888)	(8,306)
CHANGE IN CASH		
	(26,184)	142,208
CASH, BEGINNING OF YEAR		
	<u>677,143</u>	<u>534,935</u>
CASH, END OF YEAR		
	<u>\$ 650,959</u>	<u>\$ 677,143</u>
SCHEDULE OF NON-CASH INVESTING ACTIVITY		
Donated stock	\$ 192,455	\$ 108,757

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

	<u>2015</u>	<u>2014</u>
CHANGE IN NET ASSETS	<u>\$ (2,947,756)</u>	<u>\$ (409,051)</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Depreciation	179,897	227,547
Realized gain on sale of investments	(1,734,949)	(1,664,787)
Unrealized (gain) loss on investments	2,462,576	(1,627,194)
Change in value of gift annuity	836	-
Change in beneficial interest in perpetual trusts	70,515	(126,875)
Increase in cash value of life insurance	(228,271)	(310,907)
Investment in life insurance premium	1,733,066	1,733,066
Noncash contributions	(192,455)	(108,757)
<i>(Increase) decrease in operating assets:</i>		
Contributions receivable	(132,405)	245,002
Related party receivable	(96,507)	-
Other receivables	25,217	643
Prepaid expenses	(3,717)	171
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable and accrued expenses	24,612	(14,605)
Related party receivable	-	(59,269)
Customer deposits	(3,550)	6,143
 <i>Total adjustments</i>	 <u>2,104,865</u>	 <u>(1,699,822)</u>
 NET CASH USED IN OPERATING ACTIVITIES	 <u><u>\$ (842,891)</u></u>	 <u><u>\$ (2,108,873)</u></u>

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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, 2014, 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, 2015 AND 2014

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, 2015 and 2014. Cash held in investment accounts is reported in investments on the statement of financial position. See Note 5. At December 31, 2015 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 13.1% and 12.4% of total assets at December 31, 2015 and 2014, 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, 2015 AND 2014

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 \$179,897 and \$227,547 for 2015 and 2014, respectively.

CUSTOMER DEPOSITS

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

GIFT ANNUITY

The Foundation has a charitable gift annuity program in which donors make irrevocable gifts to the Foundation and receive an annuity payment for their lifetime, their named beneficiary's lifetime, or jointly. Assets are invested, and payments are made in accordance with the respective agreements. Contribution revenue is recognized at the date the agreement is established. In addition the present values of the estimated future payments to be made under these agreements, calculated using discount rates which present risk adjusted rates in existence at the date of the gift, are recorded as liabilities.

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.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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 2012 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 2015.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

Fair values measured on a recurring basis at December 31, 2015 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds:				
Fixed Income	\$ 796,899	\$ 796,899	\$ -	\$ -
Equity	1,950,864	1,950,864	-	-
Equity securities	452,701	452,701	-	-
US Treasury Bills	2,799,507	2,799,507	-	-
Hedge funds:				
Gas and oil royalty funds	10,219,562	-	-	10,219,562
Annuity	24,164	24,164	-	-
Beneficial interest in perpetual trusts	556,300	-	556,300	-
Contributions receivable	1,621,172	-	-	1,621,172
	<u>\$ 18,461,169</u>	<u>\$ 6,024,135</u>	<u>\$ 556,300</u>	<u>\$ 11,880,734</u>

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2015 AND 2014

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>Contributions receivable</u>
Balances, December 31, 2014	\$ 12,539,515	\$ 1,488,767
Realized gain	1,465,637	-
Unrealized loss	(2,025,590)	-
Proceeds	(1,760,000)	-
Contributions received, net	-	177,570
Change in discount to present value	-	(23,465)
Change in allowance	-	(21,700)
Balances, December 31, 2015	<u>\$ 10,219,562</u>	<u>\$ 1,621,172</u>

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2015 AND 2014

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>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (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	<u>1,488,767</u>	<u>-</u>	<u>-</u>	<u>1,488,767</u>
	<u>\$ 21,153,855</u>	<u>\$ 6,498,758</u>	<u>\$ 626,815</u>	<u>\$ 14,028,282</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, 2015 and 2014 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, 2015 AND 2014

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 29, 2016, which is the date the financial statements were available to be issued. See Notes 11 and 14.

2. ENDOWMENT FUNDS

The Foundation's endowment includes some permanently restricted contributions from donors 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, 2015 AND 2014

2. ENDOWMENT FUNDS, CONTINUED

Changes in Endowment Net Assets for the Year Ended December 31, 2015:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ 89,611	\$ 1,339,296
Change in value of beneficial interest in perpetual trusts		(70,514)
Contributions	22,950	
Net investment income	20,026	-
Appropriated for spending	(38,325)	-
Endowment net assets, end of year	<u>\$ 94,262</u>	<u>\$ 1,268,782</u>

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	(38,635)	-
Endowment net assets, end of year	<u>\$ 89,611</u>	<u>\$ 1,339,296</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, 2015 AND 2014

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>2015</u>	<u>2014</u>
Due within one year	\$ 606,652	\$ 851,215
Due in one to five years	1,179,311	720,844
Due in more than five years	<u>84,764</u>	<u>121,098</u>
	1,870,727	1,693,157
Allowance for uncollectible contributions	(191,000)	(169,300)
Unamortized discount	<u>(58,555)</u>	<u>(35,090)</u>
	<u>\$ 1,621,172</u>	<u>\$ 1,488,767</u>

4. NOTES RECEIVABLE

The value of the notes receivable at December 31, 2015 and 2014 was \$4,188,291 and \$4,312,416. The notes accrue interest annually at rates ranging from 5.34% to 7.00% 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, 2015 AND 2014

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, 2015 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>2015</u>	<u>2014</u>
Cash	\$ 11,090	\$ 188,710
Gift annuity	24,164	-
US Treasury Bills	2,799,507	3,099,842
Equity securities	452,701	768,168
Mutual funds	2,747,763	2,630,748
Hedge funds:		
Gas and oil royalty funds	<u>10,219,562</u>	<u>12,539,515</u>
	<u>\$ 16,254,787</u>	<u>\$ 19,226,983</u>

Investments had a cost basis of \$9,384,214 and \$9,918,000 at December 31, 2015 and 2014, respectively.

Investment income (loss) detail at December 31:

	<u>2015</u>	<u>2014</u>
Realized gain	\$ 1,734,949	\$ 1,664,787
Unrealized gain (loss)	(2,462,576)	1,627,194
Investment income *	<u>86,487</u>	<u>129,949</u>
	<u>\$ (641,140)</u>	<u>\$ 3,421,930</u>

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

6. PROPERTY HELD AS AN INVESTMENT

	<u>2015</u>	<u>2014</u>
Land, buildings and improvements	\$ 844,250	\$ 844,250
Less accumulated depreciation and amortization	<u>(233,393)</u>	<u>(207,723)</u>
	<u>\$ 610,857</u>	<u>\$ 636,527</u>

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

6. PROPERTY HELD AS AN INVESTMENT, CONTINUED

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>2015</u>	<u>2014</u>
Land, buildings and improvements	\$ 3,145,761	\$ 3,145,761
Furnishings and equipment	671,495	660,488
Antiques and works of art	113,951	113,951
	<u>3,931,207</u>	<u>3,920,200</u>
Less accumulated depreciation and amortization	<u>(1,904,244)</u>	<u>(1,750,017)</u>
	<u>\$ 2,026,963</u>	<u>\$ 2,170,183</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 \$543,000 and \$613,000 at December 31, 2015 and 2014, respectively. The other trust is valued at the fair market value of the underlying assets as reported by the trustee, which was \$13,300 and \$13,815 at December 31, 2015 and 2014, respectively.

9. MORTGAGE PAYABLE

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, 2015 and 2014 was \$380,624 and \$389,512, respectively.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2015 AND 2014

9. MORTGAGE PAYABLE, CONTINUED

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

2016	\$	9,404
2017		10,034
2018		10,706
2019		11,423
2020		12,188
Thereafter		<u>326,869</u>
	\$	<u>380,624</u>

10. NET ASSETS

DESIGNATED NET ASSETS

The board has designated net assets of \$12,098,416 and \$14,055,759 at December 31, 2015 and 2014, 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, 2015 and 2014.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$17,651,027 and \$18,136,345 at December 31, 2015 and 2014, respectively, are available for the following:

	<u>2015</u>	<u>2014</u>
Chapter specific funds and donor named funds	\$ 17,224,207	\$ 17,662,547
Ruth Lilly Fund (Laurel Hall Operating Fund)	426,820	473,798

PERMANENTLY RESTRICTED NET ASSETS

As described in Note 8, \$556,300 and \$626,815 of permanently restricted net assets represent a beneficial interest in perpetual trusts at December 31, 2015 and 2014, respectively. At December 31, 2015 and 2014, permanently restricted net assets also include \$712,482 and \$712,480 for two endowments established as scholarship funds, respectively.

NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended December 31, net assets were released for the following purposes:

	<u>2015</u>	<u>2014</u>
Chapter scholarships, grants and awards	\$ 2,114,503	\$ 3,918,031
Expiration of time restrictions	<u>168,322</u>	<u>191,441</u>
	<u>\$ 2,282,825</u>	<u>\$ 4,109,472</u>

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

11. RELATED PARTY TRANSACTIONS

The Foundation and the Fraternity are related parties that are not financially interrelated organizations. During 2015 and 2014, the Foundation granted \$90,877 and \$110,569, respectively, to the Fraternity for educational purposes. Grants are paid when proper documentation is received and approved.

The Foundation has invested in a hedge fund related to a board trustee. 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, 2015 and 2014, the Foundation's Caritas investments were valued at \$10,219,562 and \$12,539,515 respectively. The Caritas investments represented 50.0% and 53.2% of the Foundation's investment portfolio, which includes notes receivable, respectively.

For 2015 and 2014, the fund had a total return after performance and management fees as follows:

	<u>2015</u>	<u>2014</u>
Caritas Royalties Fund	(5.0)%	30.2%

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 the American Leadership Academy, a 501(C)(3) educational foundation, \$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 \$13.1 million is 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, 2015 and 2014, the policy had a cash surrender value of \$5,122,419 and \$4,918,131, respectively that is included in cash surrender value of life insurance on the statements of financial position. On January 11, 2016, the Foundation paid the final premium payment related to the policy. 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 \$13.1 million is to revert to the unrestricted funds of the Foundation. The policy, according to the current in-force illustration, requires fluctuating annual premium payments of \$533,000 to \$1,400,000. The policy had no cash surrender value at December 31, 2015 and 2014.

12. OPERATING LEASES

The Foundation leases office space to the Fraternity under an agreement which began January 1, 2006 and was extended through December 31, 2025. 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.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

12. OPERATING LEASES, CONTINUED

Future minimum lease receipts are as follows for the years ending December 31:

2016	\$	119,874
2017		103,001
2018		104,462
2019		105,923
2020		107,384
Thereafter		558,829
	\$	<u>1,099,473</u>

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:

2016	\$	11,767
2017		7,034
2018		4,668
2019		3,112
	\$	<u>26,581</u>

13. NON-CASH CONTRIBUTIONS

The Foundation received non-cash contributions of stock of \$192,455 and \$108,757 during 2015 and 2014, respectively. The contributions have been reflected at the fair market value on the date of donation in the statement of activities and have been treated as non-cash transactions for statement of cash flow purposes.

14. SUBSEQUENT EVENT

In March of 2016, the PKP McMahan Finance Engine, LLC obtained a line of credit that provides for maximum borrowings of \$4,000,000 at an interest rate of prime minus 1.75% through March 2020. The line is secured by a \$33,000,000 life insurance policy that had a cash surrender value of \$5,122,419 at December 31, 2015.

On March 31, 2016, the PKP McMahan Finance Engine, LLC borrowed \$3,275,000 on the line of credit and gifted it to the Foundation for investment purposes.



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, 2015 and our report thereon dated June 29, 2016, 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, 2014 was extracted from the consolidated financial statements for that year, on which an unmodified opinion dated June 23, 2015, was expressed.

Greenwalt CPAs, Inc.

June 29, 2016

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF RESTRICTED FUND NET ASSETS

DECEMBER 31, 2015 AND 2014

Exhibit I

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	<u>2015</u>	<u>2014</u>
	<u>Total</u>	<u>Total</u>
AL Alpha - Chapter Scholarship Fund	\$ 19,440	\$ 20,071
AL Beta - Chapter Scholarship Fund	1,470	1,443
AR Alumni Association - Chapter Scholarship Fund	9,346	1,830
AZ Alpha - Chapter Scholarship Fund	291,643	304,227
AZ Beta - Judd Shulak Scholarship Fund	41,079	44,754
CA Beta - Chapter Scholarship Fund	72,477	73,807
CA Delta* - Chapter Scholarship Fund	1,687,614	1,724,173
CA Delta - Lamson Scholarship Fund	35,551	35,302
CA Epsilon* - Chapter Scholarship Fund	1,390,336	1,420,252
CA Epsilon - Campaign Fund	597,635	614,627
CA Epsilon - Scott Thomas Scholarship Fund	41,462	42,832
CA Epsilon - James L. Tigner Jr. Scholarship Fund	189,089	197,767
CA Eta - Chapter Scholarship Fund	36,864	37,890
CA Gamma - Chapter Scholarship Fund	68,387	70,035
CA Gamma - Campaign Fund	589,961	463,895
CA Iota - Chapter Scholarship Fund	15,656	17,586
CA Kappa - J. Robert Meserve Memorial Scholarship Fund	22,992	24,004
CA Kappa - Campaign Fund	41,889	41,757
CA Lambda* - Robert W. Bailey Scholarship Fund	300,001	305,909
CA Mu - Chapter Scholarship Fund	4,726	4,918
CA Nu - Chapter Scholarship Fund	15,543	846
CA Theta - Chapter Scholarship Fund	5,416	5,605
CA Xi - Chapter Scholarship Fund	1,867	91
CA Zeta - Chapter Scholarship Fund	964	975
CO Alpha - Chapter Scholarship Fund	119,584	131,550
DC Alpha - Chapter Scholarship Fund	3,337	3,485
DE Alpha - Chapter Scholarship Fund	5,011	2,900
FL Alpha - Bob Foss Memorial Scholarship Fund	6,792	7,093
FL Beta - Chapter Scholarship Fund	153	159
GA Alpha - Chapter Scholarship Fund	12,122	12,609
GA Alpha - Campaign Fund	584	-
GA Beta - Chapter Scholarship Fund	17,859	17,688
Houston Alumni - Chapter Scholarship Fund	19,773	21,154
IA Alpha - Chapter Scholarship Fund	70,889	73,822
IA Alpha - Junker Scholarship Fund	30,485	31,718
IA Beta - Chapter Scholarship Fund	53,382	54,047
IA Beta - Educational Operating Fund	147,266	143,468
IA Beta - Bill & Lindy Good Scholarship Fund	87,888	-
IL Alpha - Chapter Scholarship Fund	22,131	22,683
IL Beta - Chapter Scholarship Fund	32,078	34,953
IL Delta - Stephen W. Acheson Scholarship Fund	51,862	56,312

* Balance includes assets invested in loan to chapter

See independent auditors' report on supplementary information.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF RESTRICTED FUND NET ASSETS

DECEMBER 31, 2015 AND 2014

Exhibit I

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	2015	2014
	Total	Total
IL Delta - C.F. "Dab" Williams Scholarship Fund	\$ 95,235	\$ 103,914
IL Delta - Campaign Fund	483,403	339,419
IL Epsilon - Chapter Scholarship Fund	38,182	38,835
IL Eta - Chapter Scholarship Fund	14,019	14,186
IL Iota - Chapter Scholarship Fund	3,898	4,070
IL Theta - Chapter Scholarship Fund	16,131	16,846
IL Zeta - Chapter Scholarship Fund	47,511	49,526
IN Alpha - Chapter Scholarship Fund	201,604	209,185
IN Alpha - Campaign Fund	169,598	176,170
IN Beta - Chapter Scholarship Fund	119,303	122,040
IN Beta - Campaign Fund	141,716	207,249
IN Beta - Bradley Henninger Scholarship Fund	97,401	106,624
IN Beta - Reach for Excellence Scholarship Fund	15,923	15,672
IN Delta* - Chapter Scholarship Fund	167,326	169,961
IN Delta - Educational Operating Fund	41,939	18,279
IN Delta - Campaign Fund	32,498	41,740
IN Epsilon - Chapter Scholarship Fund	139,222	144,000
IN Epsilon - Donald V. Fites Mentor Scholarship Fund	60,213	62,620
IN Eta - Chapter Scholarship Fund	14,618	14,672
IN Gamma - Edward H. Knight Scholarship Fund	52,304	54,231
IN Iota - Chapter Scholarship Fund	934	930
IN Theta - Chapter Scholarship Fund	5,544	5,473
IN Zeta - Chapter Scholarship Fund	60,524	62,547
KS Alpha - Chapter Scholarship Fund	13,505	14,102
KS Alpha - Riley Scholarship Fund	21,481	22,427
KY Beta - Chapter Scholarship Fund	33,095	34,555
LA Alpha - Chapter Scholarship Fund	30,555	30,172
LA Beta - Chapter Scholarship Fund	23,844	23,869
LA Gamma - Chapter Scholarship Fund	15,685	16,375
MA Beta - Chapter Scholarship Fund	19,290	19,039
MD Alpha* - Chapter Scholarship Fund	466,173	472,028
MD Gamma - Chapter Scholarship Fund	3,462	3,567
MI Alpha - Campaign Fund	20,746	20,998
MI Alpha - Wolverine Scholarship Fund	58,668	63,986
MI Beta - Chapter Scholarship Fund	62,858	64,308
MI Beta* - Charles and Estelle Williams Scholarship Fund	397,572	419,540
MN Beta - Chapter Scholarship Fund	199,661	219,144
MN Delta - Chapter Scholarship Fund	15,075	14,690
MN Gamma - Chapter Scholarship Fund	8,654	8,171
MO Alpha - Chapter Scholarship Fund	174,923	181,830

* Balance includes assets invested in loan to chapter

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF RESTRICTED FUND NET ASSETS

DECEMBER 31, 2015 AND 2014

Exhibit I

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	<u>2015</u>	<u>2014</u>
	<u>Total</u>	<u>Total</u>
MS Alpha - Chapter Scholarship Fund	\$ 14,530	\$ 15,125
MS Alpha - Christopher J. Grimaud Scholarship Fund	29,594	19,191
NC Alpha - Chapter Scholarship Fund	33,367	36,500
NC Beta - Chapter Scholarship Fund	9,694	9,673
NE Alpha - Chapter Scholarship Fund	27,105	29,810
NE Alpha - Dan Cook Campaign Fund	38,897	144,218
NE Alpha - Robert Hamilton Scholarship Fund	39,002	42,084
NE Alpha - Walter and Virginia Henrion Fellowship Fund	93,895	102,488
NE Alpha - Western Nebraska Scholarship Fund	15,541	16,225
NE Beta - Theodore J. Urban Scholarship Fund	20,843	21,576
NJ Alpha - Chapter Scholarship Fund	356	372
NJ Beta - Chapter Scholarship Fund	6,743	7,039
NJ Delta - Member Excellence Scholarship Fund	11,620	11,722
NJ Epsilon - Chapter Scholarship Fund	14,931	15,990
NJ Gamma - Chapter Scholarship Fund	4,579	4,842
NM Alpha - Chapter Scholarship Fund	1,857	1,939
NY Alpha - Chapter Scholarship Fund	77,294	80,039
NY Beta - Chapter Scholarship Fund	11,191	11,219
NY Epsilon - Chapter Scholarship Fund	302	315
NY Eta - Chapter Scholarship Fund	47,056	50,834
NY Iota - Chapter Scholarship Fund	1,995	2,083
NY Kappa - Chapter Scholarship Fund	55,202	59,259
NY Theta - Brian D. Bauer Scholarship Fund	28,337	29,006
NY Theta - Chapter Scholarship Fund	77,249	81,949
OH Alpha - Chapter Scholarship Fund	31,772	32,610
OH Beta - Chapter Scholarship Fund	316,744	342,756
OH Delta* - Norman "Norm" M. Spain Scholarship Fund	35,556	36,037
OH Delta* - J. Gilbert Reese Scholarship Fund	752,128	742,801
OH Delta* - Mil Batten Scholarship Fund	35,680	36,330
OH Delta* - Howard L. Hamilton Scholarship Fund	43,662	40,638
OH Delta* - Manning Webster Scholarship Fund	49,759	50,854
OH Delta - Honors Lodge Educational Operating Fund	47,359	82,198
OH Delta* - Robert Frost Scholarship Fund	1,020,447	1,119,119
OH Delta - Chapter House Educational Operating Fund	175,242	242,778
OH Epsilon - Chapter Scholarship Fund	192,848	207,752
OH Epsilon - Medical Education Scholarship Fund	691	707
OH Eta - Chapter Scholarship Fund	10,868	11,084
OH Iota - Chapter Scholarship Fund	792	760
OH Lambda* - Chapter Scholarship Fund	55,752	56,567
OH Lambda - Educational Operating Fund	18	-

* Balance includes assets invested in loan to chapter

See independent auditors' report on supplementary information.

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF RESTRICTED FUND NET ASSETS

DECEMBER 31, 2015 AND 2014

Exhibit I

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	<u>2015</u>		<u>2014</u>
	<u>Total</u>		<u>Total</u>
OH Mu - Chapter Scholarship Fund	\$ 58,875	\$	61,468
OH Nu - Chapter Scholarship Fund	1,784		1,635
OH Nu - Campaign Fund	8,433		12,631
OH Omicron - Chapter Scholarship Fund	273		286
OH Theta - Chapter Scholarship Fund	11,695		11,980
OH Theta - Helen B. Smith Leadership Fund	9,382		9,818
OH Theta - Jerry and Terrie Dunlap Scholarship Fund	24,191		24,336
OH Xi - Chapter Scholarship Fund	14,809		14,329
OH Zeta - Chapter Scholarship Fund	30,652		31,191
OK Alpha - Chapter Scholarship Fund	28,685		29,721
OK Alpha - Wittrock Scholarship Fund	12,332		12,878
OK Beta - Chapter Scholarship Fund	472		492
OR Alpha - Chapter Scholarship Fund	26,780		27,206
OR Alpha - Maurice O'Callaghan Scholarship Fund	15,806		16,442
OR Alpha - Hugh B. Oliphant Scholarship Fund	34,257		35,535
OR Alpha - Mo Warnock Scholarship Fund	79,968		88,039
OR Beta - Chapter Scholarship Fund	193,697		208,766
OR Beta - Campaign Fund	82,375		88,865
PA Alpha - Chapter Scholarship Fund	7,522		8,099
PA Beta - Chapter Scholarship Fund	48,032		52,076
PA Epsilon - Chapter Scholarship Fund	86,877		90,678
PA Eta - Chapter Scholarship Fund	17,877		19,538
PA Gamma - Chapter Scholarship Fund	52,559		54,524
PA Iota - Chapter Scholarship Fund	43,045		44,507
PA Iota - Corriea Scholarship Fund	10,443		7,934
PA Lambda - Chapter Scholarship Fund	31,023		33,179
PA Lambda - Campaign Fund	168,314		174,540
PA Nu - Chapter Scholarship Fund	30,295		31,468
PA Phi - Chapter Scholarship Fund	4,092		4,210
PA Pi - Chapter Scholarship Fund	148		155
PA Rho - Chapter Scholarship Fund	7,245		7,338
PA Sigma - Chapter Scholarship Fund	3,682		3,813
PA Tau - Chapter Scholarship Fund	1,661		1,734
PA Theta* - Chapter Scholarship Fund	384,493		402,912
PA Theta - Educational Operating Fund	131,716		136,820
PA Upsilon - Chapter Scholarship Fund	5,709		5,964
PA Xi - Chapter Scholarship Fund	783		817
PA Zeta - Chapter Scholarship Fund	1,997		2,085
RI Alpha - Chapter Scholarship Fund	30,275		31,607
RI Alpha - Dovey Memorial Scholarship Fund	1,701		1,776
RI Beta - Chapter Scholarship Fund	118,476		127,613

* Balance includes assets invested in loan to chapter

THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF RESTRICTED FUND NET ASSETS

DECEMBER 31, 2015 AND 2014

Exhibit I

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	<u>2015</u>	<u>2014</u>
	<u>Total</u>	<u>Total</u>
TN Delta - Graham Stone Memorial Scholarship Fund	\$ 18,902	\$ 19,742
TN Delta - Campaign Fund	52,450	41,734
TN Delta - Educational Operating Fund	238	-
TN Epsilon - Chapter Scholarship Fund	54,605	57,010
TX Alpha - Campaign Fund	5	-
TX Alpha - Centennial Scholarship Fund	306,869	643,928
TX Alpha - Derrick Eakin Memorial Scholarship Fund	16,264	16,752
TX Alpha - John Dubberley Scholarship Fund	12,940	13,511
TX Alpha - Longview Scholarship Fund	92,897	102,432
TX Alpha - St. Tacky Scholarship Fund	65,460	68,147
TX Alpha - Paul Cox Memorial Scholarship Fund	14,911	15,568
TX Alpha - Chapter Leadership Fund	879	-
TX Beta - Bill Collins Scholarship Fund	116,278	127,241
TX Beta - Campaign Fund	11,168	11,029
TX Delta - Chapter Scholarship Fund	2,220	2,318
TX Epsilon - Chapter Scholarship Fund	10,226	10,687
TX Gamma - Chapter Scholarship Fund	9,524	9,783
TX Gamma - Campaign Fund	104,918	-
TX Zeta - Chapter Scholarship Fund	5,884	6,144
VA Alpha - Chapter Scholarship Fund	7,632	7,946
VA Beta - George S. Lantzas Scholarship Fund	55,552	57,482
VA Beta - C. Stephen Leonard Scholarship Fund	112,629	117,555
VA Beta - Jerry Nelson Mentor Scholarship Fund	71,580	74,756
VA Beta - Educational Operating Fund	13,016	11,323
VA Eta - Chapter Scholarship Fund	2,730	1,921
VA Zeta - Chapter Scholarship Fund	8,519	8,892
VA Zeta - Willow Creek/Philpott Memorial Scholarship Fund	1,221	1,615
WA Alpha* - Chapter Scholarship Fund	476,316	521,775
WA Alpha - Educational Operating Fund	74,718	-
WV Alpha - Chapter Scholarship Fund	31,353	32,160
WI Gamma - Chapter Scholarship Fund	73,010	78,033
Philip M. Cornelius Scholarship Fund	38,126	41,561
Excellence in Advising Fund	43,764	45,725
Ralph D. Daniel Leadership Award Fund	83,807	91,349
Ruddick C. Lawrence Scholarship Fund	111,989	119,419
Leadership and Member Development Fund	1,528	1,060
Health and Wellness Fund	93,613	168,028
Pledge Smart, Keep Smart Tony Horton Scholarship Fund	247,458	74,095
Gordon S. Letterman Scholarship Fund	4,720	4,928
William H. Blanning Scholarship Fund	173,322	189,312
Wineman International Fellowship Fund	460	481

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THE ENDOWMENT FUND OF THE PHI KAPPA PSI FRATERNITY AND SUBSIDIARIES

SCHEDULE OF RESTRICTED FUND NET ASSETS

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	<u>2015</u>		<u>2014</u>
	<u>Total</u>		<u>Total</u>
American Leadership Academy Fellowship Fund	\$ -	\$	3,678
Terry Harper Fellowship Fund	43,873		45,820
Jerry Nelson Scholarship Fund	40,083		43,613
Watkins Christian Scholarship Fund	54,614		59,291
Schroeder Scholarship Fund	29,639		-
Boys and Girls Club of America	18		-
Strategic 2020 Campaign	177,585		-
Museum and Archives Fund	40		-

* Balance includes assets invested in loan to chapter

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