



SAN BERNARDINO-RIVERSIDE AREA
ALUMNAE CHAPTER
DELTA SIGMA THETA SORORITY, INC.



FINANCIAL STATEMENTS WITH
INDEPENDENT ACCOUNTANT'S REVIEW
REPORT

June 30, 2023 and 2022

SAN BERNARDINO-RIVERSIDE AREA
ALUMNAE CHAPTER
DELTA SIGMA THETA SORORITY, INC.

June 30, 2023 and 2022

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Executive Board
San Bernardino-Riverside Area
Alumnae Chapter
Delta Sigma Theta Sorority, Inc.
Moreno Valley, CA

We have reviewed the accompanying financial statements of the San Bernardino-Riverside Area Chapter of Delta Sigma Theta Sorority, Inc., ("the Chapter"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to Management's financial data and making inquiries of Management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

We are required to be independent of the San Bernardino-Riverside Area Alumnae Chapter of Delta Sigma Theta Sorority, Inc., and to meet our ethical responsibilities, in accordance with the ethical requirements related to our reviews.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America.

Other Information

The statement of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the representation of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the review procedures applied in the review of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financials or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

Hughes Business Solutions Incorporated

CA License #: COR 6720

Culver City, CA
August 6, 2023



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SAN BERNARDINO-RIVERSIDE AREA
ALUMNAE CHAPTER
DELTA SIGMA THETA SORORITY, INC.

Statements of Financial Position
June 30, 2023 and 2022

Assets	<u>2023</u>	<u>2022</u>
Cash and equivalents	\$ 87,501	\$ 60,841
Total Assets	<u>\$ 87,501</u>	<u>\$ 60,841</u>
 Net Assets		
Without donor restrictions:		
Administrative	\$ 79,276	\$ 56,840
Scholarship	<u>8,225</u>	<u>4,001</u>
Total Net Assets	<u>\$ 87,501</u>	<u>\$ 60,841</u>

See Independent Accountant's Review Report.

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Statements of Activities
For the Years Ended June 30, 2023 and 2022

	2023	2022
Change in net assets without donor restrictions:		
Revenue and Support:		
Membership dues	\$ 11,223	\$ 26,499
Donations & grants	40,388	28,475
Fundraising	31,998	15,596
Chapter/regional activities	14,161	4,128
Five-Point programs	1,250	125
Total Revenue and support	99,020	74,823
Expenses:		
Five-Point programs	3,510	3,797
Scholarships	4,000	2,000
Total program expenses	7,510	5,797
General administration	41,354	37,101
Fundraising	23,496	8,437
Total supporting services	64,850	45,538
Total Expenses	72,360	51,335
Change in net assets	26,660	23,488
Net assets, beginning of year	60,841	37,353
Net assets, end of the year	\$ 87,501	\$ 60,841

See Independent Accountant's Review Report.

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Statements of Functional Expenses
For the Years Ended June 30, 2023 and 2022

	2023				
	Program expenses				Total expense by natural classification
	Five-Point Programs	Scholarship Program	General Administration	Fundraising	
Program expenses	\$ 1,056	\$ -	\$ -	\$ -	\$ 1,056
Scholarships awarded	-	4,000	-	-	4,000
National dues remittance	-	-	4,035	-	4,035
Professional services	-	-	2,500	-	2,500
Fundrasing	-	-	-	17,415	17,415
Chapter/regional activities	-	-	10,415	-	10,415
Meetings, conferences	-	-	4,119	-	4,119
Other general administration	-	-	9,266	-	9,266
Grant expense	2,454	-	1,548	6,081	10,083
Rental fees	-	-	4,787	-	4,787
MIT-Collegiate support	-	-	4,684	-	4,684
	<u>\$ 3,510</u>	<u>\$ 4,000</u>	<u>\$ 41,354</u>	<u>\$23,496</u>	<u>\$ 72,360</u>

	2022				
	Program expenses				Total expense by natural classification
	Five-Point Programs	Scholarship Program	General Administration	Fundraising	
Program expenses	\$ 3,368	\$ -	\$ -	\$ -	\$ 3,368
Scholarships awarded	-	2,000	-	-	2,000
National dues remittance	-	-	11,050	-	11,050
Professional services	-	-	2,500	-	2,500
Fundrasing	-	-	-	8,437	8,437
Chapter/regional activities	-	-	2,815	-	2,815
Meetings, conferences	-	-	5,571	-	5,571
Committee expenses	-	-	4,119	-	4,119
Other general administration	-	-	6,701	-	6,701
Grant expense	429	-	-	-	429
Rental fees	-	-	3,510	-	3,510
Bond, general liability and corp fees	-	-	835	-	835
	<u>\$ 3,797</u>	<u>\$ 2,000</u>	<u>\$ 37,101</u>	<u>\$ 8,437</u>	<u>\$ 51,335</u>

See Independent Accountant's Review Report.

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Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Proceeds from membership dues	\$ 11,223	\$ 26,499
Proceeds from fundraising	31,998	15,596
Proceeds from chapter/regional activities	14,161	4,128
Proceeds from Five-Point programs	1,250	125
Proceeds from donations and grants	40,388	28,475
Payment for Five-Point programs	(3,510)	(3,797)
Payment for scholarship awards	(4,000)	(2,000)
Payment for admin & chapter/regional activities	(41,354)	(37,101)
Payment for fundraising expenses	<u>(23,496)</u>	<u>(8,437)</u>
Net cash provided by operating activities	26,660	23,488
Net increase in cash and equivalents	<u>26,660</u>	<u>23,488</u>
Cash and equivalents, beginning of year	<u>60,841</u>	<u>37,353</u>
Cash and equivalents, end of year	<u><u>\$ 87,501</u></u>	<u><u>\$ 60,841</u></u>

See Independent Accountant's Review Report.

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DELTA SIGMA THETA SORORITY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

Note 1 - Organization and Nature of Activities

Delta Sigma Theta Sorority, Incorporated, (“the Organization”), is a private non-profit organization whose purpose is to provide assistance and support through established programs in local communities throughout the world. Delta Sigma Theta Sorority, Incorporated was founded January 13, 1913 on the campus of Howard University by 22 women inspired to action and commitment to public service. A sisterhood guided by Christian Principles with over 350,000 predominately Black college educated women, the Sorority currently has 1,060 collegiate and alumnae chapters located in the United States, Canada, Japan (Tokyo and Okinawa), Germany, the Virgin Islands, Bermuda, the Bahamas, Jamaica, West Africa, Southern Africa, United Arab Emirates and the Republic of Korea.

The major programs of the sorority are based upon the organization's Five-Point Programmatic Thrust:

- Economic Development
- Educational Development
- International Awareness and Involvement
- Physical and Mental Health
- Political Awareness and Involvement

San Bernardino-Riverside Area Alumnae is a chapter of the Organization. San Bernardino-Riverside Area Alumnae, (“the Chapter”), was chartered on December 6, 1959 as San Bernardino Alumnae Chapter and the 313th chapter of Delta Sigma Theta Sorority, Inc. Later, the chapter’s name was changed to San Bernardino-Riverside Area Alumnae Chapter. Ellen P. Law, Past Farwest Regional Director, presided over the ceremony at St. Anthony’s Parish Hall. The thirteen (13) charter members were distinguished women united to plan and implement programs to address those unique needs of the cities of San Bernardino and Riverside areas.

The auditor’s report, accompanying financial statements, as well as the notes to the financial statements, represent the activities of the Chapter, as defined above.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies is described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

San Bernardino-Riverside Area Alumnae Chapter of Delta Sigma Theta Sorority, Incorporated’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

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DELTA SIGMA THETA SORORITY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

Note 2 - **Summary of Significant Accounting Policies_(continued)**

Financial Statement Presentation

Basis of presentation –The financial statements of San Bernardino-Riverside Area Alumnae Chapter of Delta Sigma Theta Sorority, Inc have been prepared in accordance with accounting principles generally accepted in the United States of America. The focus of these financial statements is to present the Chapter as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classifications into two classes of net assets – Without Donor Restriction and With Donor Restrictions:

Without Donor Restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Conditional grants whose purpose/requirements are met in the same period the condition was received are recorded as without donor restriction. These net assets may be used at the discretion of the Executive Board and chapter members.

With Donor Restrictions: Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources are be maintained in perpetuity. Contributions restricted by donors are increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires or a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the financial statements as net assets released from restrictions.

Revenue is reported as increases in net assets without restrictions unless their use is limited by explicit donor-imposed restrictions by law. Expenses are reported as decreases in net assets without donor restrictions.

At June 2023 and 2022, the Chapter had no net assets with donor restrictions. The Chapter's normal operating activities are classified as net assets without donor restrictions.

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Notes to Financial Statements
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Note 2 - Summary of Significant Accounting Policies (continued)

Measure of operations

The statements of activities report all changes in net assets, including changes in net assets from operating, programs, and fundraising and scholarship activities. Operating activities consist of those items attributable to general overhead expenses providing direct support to operations, chapter's membership services, chapter and regional activities and interest earnings. The Programs pertain to the Five-Point Programmatic thrust of the Organization: 1) Economic Development, 2) Educational Development, 3) International Awareness and Involvement, 4) Physical and Mental Health and 5) Political Awareness and Involvement. For the year ended June 30, 2023, fundraising activities pertained to Dance/Gala, September Breakfast and Chapter Toe Raffle. In addition, the Chapter received the Black Equity Initiative (BEI) Grant in the amount of \$37,500, which will be used for programs, fundraising and chapter activities.

Cash and Equivalents

The Chapter considers all cash and other highly liquid investments with original maturities of three months or less to be cash equivalents. The Chapter does not consider un-invested cash held in investments as cash or cash equivalents. Cash and equivalents are comprised of bank deposits and disbursements of the operating and scholarship accounts.

Concentrations of credit risk

The Chapter manages deposit concentration risk by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. For financial statement purposes, the Chapter maintains its cash accounts at financial institutions which, at times, may exceed federally insured limits. To date, the Chapter has not experienced losses in any of the accounts and management believes it is not exposed to any significant credit risks on cash deposits.

Revenue Recognition

Membership dues and fees are recognized as revenue over the period of membership which is on a fiscal year basis, July 1 through June 30. Membership dues are received in advance for the next fiscal year. For the period ending June 30, 2023 and the conversion instructions for the change from fiscal year to calendar year, the chapter received in advance for the next fiscal year, ½ of the local membership dues, for the short year's financial and tax reporting.

Donations received are recorded as net assets without donor restrictions depending on the existence and/or nature of any donor-imposed restrictions.

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Notes to Financial Statements
June 30, 2023 and 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Risks and Uncertainties

Since January 1, 2020, COVID-19 posed significant disruptions in the chapter's programs and activities, primarily fundraising. The potential for the severe impact can result in risks and uncertainties reported in the financial statements and from the loss of proceeds from fundraising & programs and community outreach efforts.

Donated Services

Accounting principles generally accepted in the United States of America requires the value of donated services to be recorded if those donated services create or enhance nonfinancial assets or require specialized skills. Many volunteers have contributed significant amounts of their time to activities of the Chapter, as well as Delta Sigma Theta Sorority, Incorporated's mission. However, since the above requirements were not met, the value of the contributed services is not recorded in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Functional Expense

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The Chapter allocates its expenses on a functional basis among the Five-Point program expenses, general and administrative and fundraising expenses. The schedule of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The Chapter has the following programs: 1) Educational & Development, 2) International Awareness, 3) Physical and Mental Health 4) Political Awareness & Involvement and 5) Economic Development.

Accounting for Uncertainty in Income Taxes

The Organization adopted the guidance issued by the Financial Accounting Standards Board (FASB) with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. There was no effect related to the adoption of this new guidance. The Organization remains subject to an Internal Revenue Service examination for tax years 2021 through 2023.

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Notes to Financial Statements
June 30, 2023 and 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Income Taxes

The Chapter, as well as Delta Sigma Theta Sorority, Inc., is a non-profit organization that has been granted tax exempt status by the Internal Revenue Service under the Internal Revenue Code (IRC) Section 501 (c) (7). Accordingly, no provision for federal income taxes have been recognized or included in the accompanying financial statements.

New Accounting Pronouncement

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

Recent Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which amends the accounting guidance related to (1) evaluating whether transactions should be accounted for as contributions or exchange transactions and (2) determining whether a contribution is conditional. For resource providers, the ASU is effective for annual periods beginning after December 15, 2019, with early adoption permissible. The Chapter is currently evaluating the impact of the new standard on the financial statements.

Note 3 – Liquidity and Availability

Financial assets are considered to be available for expenditure if there is no donor or other restrictions that would preclude expenditure outright, or in satisfaction of any purpose restrictions. At June 30, 2023 and 2022, financial assets available for general expenditures within one year are comprised of the following:

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Notes to Financial Statements
June 30, 2023 and 2022

Note 3 – **Liquidity and Availability (continued)**

Financial assets at year end:	2023	2022
Cash and equivalents	\$ 87,501	\$ 60,841
Total financial assets	87,501	60,841
Financial assets available to meet general expenditures over the next twelve months	\$ 87,501	\$ 60,841

The Chapter structures its financial assets to be available and liquid as its expenditures become due. Although the Chapter does not intend to liquidate assets other than for amount needed for general operating expenditures budgeted during the year, these amounts could be made available if necessary. The cash and equivalent balance also include expenditures for programs and fundraising within the operating account and scholarship awards in the scholarship account. All net assets of the Chapter are considered available to meet cash needs for general expenditures within one year of the date of the statement of financial position.

Note 4 -**Subsequent Events**

As of the date of this report, the results of the spread of the SARS-COV-2 virus, the incidence of COVID-19 and the world-wide coronavirus pandemic economic, uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Chapter. During this review, we evaluated COVID-19's impact on the Chapter's operations with no immediate solvency concerns noted.

The Chapter is closely monitoring its operations, liquidity and equity resources and is working to minimize the current and future impact of this unprecedented situation. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The Chapter evaluated the subsequent events on August 6, 2023, the date at which the financial statements were available to be issued and reported the following:

Delta Sigma Theta Sorority, Inc., ("the Organization"), will be converting the Sorority's current fiscal year, **July 1 through June 30**, to a calendar year, **January 1 through December 31**, for financial and tax reporting.

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Notes to Financial Statements
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Note 4 -Subsequent Events (continued)

The National Treasurer and the National Finance Committee have provided the following conversion instructions as follows:

- Effective July 1, 2023, the Organization and the 1,060 chapters will be reporting on a short-year basis, from July 1 through December 31, for financial and tax reporting.
- Effective January 1, 2024, the Organization and the 1,060 chapters will be reporting on a calendar year basis, from January 1 through December 31, for financial and tax reporting.

The National Treasurer and National Finance Committee have plans to work with the 1,060 chapters to ensure a smooth transition.

The Chapter is not aware of any other significant events that occurred after the statements of financial position, but prior to August 6, 2023, that would have a material impact on its financial statements.