



Triangle Education Foundation

June 30, 2022

Financial Statements and Independent Auditors' Report
Including Supplementary Information

**TRIANGLE EDUCATION FOUNDATION
TABLE OF CONTENTS**

	PAGE
Independent Auditors' Report	
Financial Statements	
Statements of Financial Position.....	1
Statements of Activities.....	2
Statements of Functional Expenses	3
Statements of Cash Flows	4
Notes to the Financial Statements	5
Supplementary Information	
Schedules of Net Assets with Donor Restrictions.....	17

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Triangle Education Foundation
Plainfield, Indiana

Opinion

We have audited the accompanying financial statements of Triangle Education Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Triangle Education Foundation as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Triangle Education Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Triangle Education Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Triangle Education Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Triangle Education Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

VonLehman & Company Inc.

Indianapolis, Indiana
January 4, 2023

**TRIANGLE EDUCATION FOUNDATION
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	June 30,	
	2022	2021
Assets		
Cash and Cash Equivalents	\$ 1,866,299	\$ 795,165
Accounts Receivable	11,932	57,753
Accounts Receivable - Affiliates	12,774	1,864
Student Loans Receivable, Net	4,176	9,276
Unconditional Promises to Give, Net	1,792,210	1,001,808
Prepaid Expenses	1,469	330
Investments	9,528,244	10,846,713
Note Receivable from Triangle Building and Housing Corporation	400,000	600,000
Property and Equipment, Net	3,413	6,833
	<u>\$ 13,620,517</u>	<u>\$ 13,319,742</u>
Total Assets	\$ 13,620,517	\$ 13,319,742

LIABILITIES AND NET ASSETS

Liabilities		
Accounts Payable	\$ 61,371	\$ 35,623
Accounts Payable - Affiliates	35,767	50,901
Accrued Payroll	29,792	29,792
Refundable Advance - Payroll Protection Program	-	72,422
Conditional Contributions Received in Advance	50,000	-
Obligation Under Split-Interest Agreement	21,582	23,603
Rabbi Trust	42,185	41,721
	<u>240,697</u>	<u>254,062</u>
Total Liabilities	240,697	254,062
Net Assets		
Without Donor Restrictions	3,603,470	3,863,274
With Donor Restrictions	9,776,350	9,202,406
	<u>13,379,820</u>	<u>13,065,680</u>
Total Net Assets	13,379,820	13,065,680
Total Liabilities and Net Assets	\$ 13,620,517	\$ 13,319,742

See accompanying notes.

**TRIANGLE EDUCATION FOUNDATION
STATEMENTS OF ACTIVITIES**

	<u>Year Ended June 30, 2022</u>			<u>Year Ended June 30, 2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Support, and Gains						
Contributions	\$ 510,906	\$ 349,652	\$ 860,558	\$ 441,511	\$ 360,395	\$ 801,906
Charitable Housing Campaign Contributions	-	1,829,008	1,829,008	-	575,346	575,346
Campaign Management Fees	131,000	-	131,000	157,000	-	157,000
Alumni Engagement Campaign Fees	7,500	-	7,500	1,000	-	1,000
Investment Return, Net	(308,260)	(630,937)	(939,197)	769,469	1,740,089	2,509,558
Other Income	23,829	-	23,829	26,263	-	26,263
	<u>364,975</u>	<u>1,547,723</u>	<u>1,912,698</u>	<u>1,395,243</u>	<u>2,675,830</u>	<u>4,071,073</u>
Total Revenue, Support, and Gains						
	364,975	1,547,723	1,912,698	1,395,243	2,675,830	4,071,073
Net Assets Released From Restriction	<u>973,779</u>	<u>(973,779)</u>	<u>-</u>	<u>1,180,149</u>	<u>(1,180,149)</u>	<u>-</u>
Total Revenue, Support, Gains and Reclassifications	<u>1,338,754</u>	<u>573,944</u>	<u>1,912,698</u>	<u>2,575,392</u>	<u>1,495,681</u>	<u>4,071,073</u>
Expenses						
Program Services	1,108,906	-	1,108,906	1,101,047	-	1,101,047
Fundraising	347,899	-	347,899	315,950	-	315,950
Management and General	141,753	-	141,753	128,039	-	128,039
	<u>1,598,558</u>	<u>-</u>	<u>1,598,558</u>	<u>1,545,036</u>	<u>-</u>	<u>1,545,036</u>
Total Expenses						
	1,598,558	-	1,598,558	1,545,036	-	1,545,036
Change in Net Assets	(259,804)	573,944	314,140	1,030,356	1,495,681	2,526,037
Transfers	-	-	-	(53,223)	53,223	-
Net Assets, Beginning of Year	<u>3,863,274</u>	<u>9,202,406</u>	<u>13,065,680</u>	<u>2,886,141</u>	<u>7,653,502</u>	<u>10,539,643</u>
Net Assets, End of Year	<u>\$ 3,603,470</u>	<u>\$ 9,776,350</u>	<u>\$ 13,379,820</u>	<u>\$ 3,863,274</u>	<u>\$ 9,202,406</u>	<u>\$ 13,065,680</u>

See accompanying notes.

**TRIANGLE EDUCATION FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES**

	<u>Year Ended June 30, 2022</u>				<u>Year Ended June 30, 2021</u>			
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Benefits	\$ 195,348	\$ 263,197	\$ 72,110	\$ 530,655	\$ 194,349	\$ 262,268	\$ 69,818	\$ 526,435
Scholarships and Grants	765,246	-	-	765,246	802,938	-	-	802,938
Meetings and Travel	39,810	26,044	9,467	75,321	19,895	14,654	3,282	37,831
Printing, Postage and Delivery	14,992	13,229	5,048	33,269	15,337	13,323	5,127	33,787
Special Events and Marketing	9,306	25,584	-	34,890	4,034	8,443	-	12,477
Occupancy	9,110	3,644	5,466	18,220	9,250	3,700	5,549	18,499
Professional Fees	6,357	-	14,833	21,190	6,316	-	14,737	21,053
Repairs, Maintenance and IT	17,252	9,452	20,558	47,262	14,000	7,954	17,817	39,771
Bank and Credit Card Fees	2,851	1,901	4,752	9,504	2,792	1,861	4,654	9,307
Insurance	4,185	1,674	2,510	8,369	3,907	1,563	2,343	7,813
Bad Debt Expense	38,762	-	-	38,762	24,202	-	-	24,202
Miscellaneous	4,319	2,490	5,641	12,450	2,659	1,500	3,343	7,502
Depreciation	1,368	684	1,368	3,420	1,368	684	1,369	3,421
Total Expenses by Function	\$ 1,108,906	\$ 347,899	\$ 141,753	\$ 1,598,558	\$ 1,101,047	\$ 315,950	\$ 128,039	\$ 1,545,036

See accompanying notes.

**TRIANGLE EDUCATION FOUNDATION
STATEMENTS OF CASH FLOWS**

	June 30,	
	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	\$ 314,140	\$ 2,526,037
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation	3,420	3,421
Bad Debt	38,762	24,202
Realized and Unrealized Losses (Gains) on Investments	1,278,276	(2,290,017)
Contributions of Stock	(208,321)	(165,185)
Changes in Assets and Liabilities		
Accounts Receivable	45,821	(15,814)
Accounts Receivable - Affiliates	(10,910)	13,013
Unconditional Promises to Give, Net	(829,164)	116,831
Prepaid Expenses	(1,139)	(330)
Accounts Payable	25,748	18,876
Accounts Payable - Affiliates	(15,134)	23,206
Obligation Under Split-Interest Agreement	(2,021)	(5,990)
Refundable Advance - Payroll Protection Program	(72,422)	(1,078)
Conditional Contributions Received in Advance	50,000	-
Rabbi Trust	464	15,947
	617,520	263,119
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	2,358,779	1,295,632
Purchase of Investments	(2,110,265)	(1,543,785)
Payments Received on Student Loans	5,100	4,354
Payments Received on Notes Receivable	200,000	200,000
	453,614	(43,799)
Net Cash Provided (Used) by Investing Activities		
Net Change in Cash and Cash Equivalents	1,071,134	219,320
Cash and Cash Equivalents, Beginning of Year	795,165	575,845
Cash and Cash Equivalents, End of Year	\$ 1,866,299	\$ 795,165

See accompanying notes.

**TRIANGLE EDUCATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The mission of the Triangle Education Foundation (the Organization) is to minister to the educational needs of members of Triangle Fraternity (the Fraternity). In fulfillment of this mission, the Organization provides non-interest bearing loans to undergraduate students and scholarships and grants to students, chapters, and the Fraternity, sponsors various seminars, and publishes educational materials.

The Organization's viability is dependent on contributions and the Organization's ability to collect on fundraising campaign contracts.

Use of Estimates

The process of preparing financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Certain estimates relate to unsettled transactions and events as of the date of the financial statements. Other estimates relate to assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results may differ from estimated amounts.

Accounts Receivable

Accounts receivable are stated at contractual outstanding balances, net of any allowance for doubtful accounts. Accounts are considered past due if any portion of an account or pledge has not been paid in full within the contractual terms of the account or the anticipated due date. The Organization begins to assess its ability to collect receivables that are over 90 days past due and provides for an adequate allowance for doubtful accounts based on the Organization's collection history, the financial stability and recent payment history of the organizations and chapters, and other pertinent factors. Accounts receivable are written off as uncollectible after the Organization has used reasonable collection efforts and deems them uncollectible. Based on these criteria, no allowance for doubtful accounts has been provided at both June 30, 2022 and 2021 since the Organization does not expect any material losses.

Student Loans Receivable

The Organization conducts a loan program under which the students may borrow up to \$3,000 interest-free. Monthly payments on the loans are deferred until three months after the borrower's graduation date. Student loans receivable are stated at the amount management expects to collect from outstanding balances. The Organization begins to assess its ability to collect student loan receivables that are over 90 days past due and provides for an adequate allowance for doubtful accounts based on the Organization's collection history, the financial stability and recent payment history of the students, and other pertinent factors. Student loans receivable are written off as uncollectible after the Organization has used reasonable collection efforts and deems them uncollectible. Based on these criteria, no allowance for doubtful accounts has been provided at both June 30, 2022 and 2021 since the Organization does not expect any material losses.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. Based on these criteria, the Organization has estimated an allowance for uncollectible promises to give at June 30, 2022 and 2021 of \$10,976 and \$14,276, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments, if purchased, are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less any external and direct internal investment expenses. Securities and investments held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account with a limit of \$250,000 for claims of uninvested cash balances. The SIPC insurance does not protect against market losses on investments.

Nonmarketable Equity Investments

The Organization holds certain nonmarketable equity investments for which the equity method of accounting does not apply. These equity investments do not have a readily determinable fair value. The Organization reports these investments using the measurement alternative whereby the equity investments are measured at cost, less any impairment, plus or minus changes resulting from observable price changes in "orderly transactions" for identical or similar investments of the same issuer. Any realized gains and losses on the sale of nonmarketable equity investments are included in investment return, net.

Nonmarketable equity investments are reviewed for impairment on an annual basis. Investments are considered impaired when the fair value of the investment has declined below the investment's adjusted cost basis. If an impairment is determined to be an other-than-temporary impairment, the Organization writes down the cost of the investment to fair value. No adjustments were deemed necessary during both the years ended June 30, 2022 and 2021.

Property and Equipment

Property and equipment are stated at cost, or if donated, at fair value at the date of donation, and depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method for financial reporting purposes. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized for items in excess of \$500.

The useful lives of property and equipment for purposes of computing depreciation are:

Computer Equipment	5 Years
Computer Software	10 Years
Office Equipment	5 – 10 Years

Long-Lived Assets

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are measured based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less costs to sell. Long-lived assets were measured for impairment. No adjustments were deemed necessary during both the years ended June 30, 2022 and 2021.

Split-Interest Agreement

The Organization serves as a trustee for an irrevocable charitable gift annuity which requires future payments to the annuitants. The original assets received from the donor were recorded at fair value and are included in investments at June 30, 2022 and 2021. The Organization has recorded a liability which represents the present value of the future annuity obligations using a rate of 4.13%. This liability has been determined based on the annuitants' life expectancy.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds Received on Behalf of Others

The Organization performs fundraising services under charitable fundraising campaign agreements with various chapters affiliated with the Fraternity. Under these agreements, the Organization may accept non-deductible contributions in support of the chapter house expenses and transfers the funds directly to the chapter on behalf of the donor. The Organization records the receipt of the cash donations or unconditional promises to give and a corresponding liability to the chapter. The Organization does not have variance power over these donations received.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated from net assets without donor restrictions net assets for specific purposes (see Board Designated Net Assets note).

Net Assets 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 that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue from Contracts with Customers

Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing service. The Organization recognizes contract revenue for financial reporting purposes over time and at a point in time. Contracts with customers may include multiple performance obligations for which the consideration is allocated between performance obligations. Depending on the terms of the contract, the Organization may defer the recognition of revenue and record a contract liability when a future performance obligation has not yet occurred.

Service revenue from campaign management and alumni engagement contracts is recognized over time utilizing an input method and aligns with when the services are provided. Typically, revenue is recognized in the amount of the invoices since that amount corresponds directly to the estimated value of the Organization's performance to date.

Under the campaign management and alumni engagement contracts, the Organization recognizes revenue from reimbursements of certain expenses incurred while performing under the contracts at the point in time the expenses are incurred.

Revenue from Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. At June 30, 2022 and 2021, the Organization reported conditional contributions received in advance of \$50,000 and \$-0-, respectively, as the Organization has yet to satisfy the conditions as of year-end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In April 2020, the Organization received funding in the amount of \$73,500 under the Paycheck Protection Program (PPP). In February 2021, the Organization received funding under the PPP in the amount of \$72,422. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provided for loans to qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses of the qualifying organizations. The loans and accrued interest were forgivable within a 24-week period as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained other designated thresholds. The Organization used the proceeds for purposes consistent with the PPP. The Organization accounts for the PPP funding in accordance with ASC 958-605 Revenue Recognition for Nonprofit Entities. Revenue is recognized as eligible expenses and other conditions are substantially met or incurred. At June 30, 2022 and 2021, the Organization recognized revenue of \$72,422 and \$73,500, respectively, and a refundable advance of \$-0- and \$72,422, respectively, for the amounts the Organization has yet to satisfy the conditions as of year end. The Organization considers formal forgiveness as a condition of recognizing the revenue.

Donated Services, Equipment, and In-Kind Contributions

Donations of equipment and in-kind contributions are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization has significant time contributed to its mission through volunteers, however, the statements of activities do not reflect the value of these services as they do not meet recognition criteria required under U.S. GAAP.

Retirement Plans

The Organization has a SIMPLE IRA plan (the Plan) which covers substantially all full-time employees. Plan participants may elect to contribute up to the annual allowable amount as determined by the Internal Revenue Service. Employer contributions are discretionary and are determined and authorized by the Board of Directors each Plan year. By its nature, the Plan is fully funded.

In 2014, the Organization established a Rabbi Trust for the benefit of the Organization's president. Under the terms of the trust agreement, the Organization is required to contribute a minimum of \$2,000 annually into the trust.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and benefits, meetings and travel, printing, postage and delivery, special events and marketing, occupancy, professional fees, repairs, maintenance and IT, bank fees, insurance, miscellaneous, and depreciation, which are allocated on the basis of estimates of time and effort.

Income Tax Status

Triangle Education Foundation is an Indiana nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to the Internal Revenue Code.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization has adopted the provisions of the accounting pronouncement related to accounting for uncertainty in income taxes. The Organization recognized no interest or penalties in the statements of activities for either of the years ended June 30, 2022 or 2021. If the situation arose in which the Organization would have interest to recognize, it would recognize this as interest expense and penalties would be recognized in other expenses. Currently, the prior three years are open under federal and state statute of limitations and remain subject to review and change. The Organization is not currently under audit, nor has the Organization been contacted by these jurisdictions.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for either of the years ended June 30, 2022 or 2021.

Recently Issued Significant Accounting Standard

Lease Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases that are not excluded by this standard. Such leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, *Elements of Financial Statements*, and therefore, recognition of those lease assets and lease liabilities represents an improvement over previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. The ASU is effective for nonpublic entities for years beginning after December 15, 2021.

The Organization is in the process of evaluating the impact of adoption of this ASU on its financial statements.

Subsequent Events

The Organization has evaluated subsequent events through January 4, 2023, which is the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY

Financial assets available for general use and without donor or other restrictions or designations limiting their use within one year of the statements of financial position were comprised of the following:

	June 30,	
	2022	2021
Financial Assets, End of Year		
Cash and Cash Equivalents	\$ 1,866,299	\$ 795,165
Accounts Receivable from Related Parties	12,774	1,864
Other Accounts Receivable	11,932	57,753
Current Portion of Student Loans Receivable	4,176	8,441
Unconditional Promises to Give	1,792,210	1,001,808
Investments	9,528,244	10,846,713
Note Receivable from		
Triangle Building and Housing Corporation	400,000	600,000
Total Financial Assets	13,615,635	13,311,744
Less Amounts Not Available to be Used for General Expenditures within One Year		
Net Assets With Donor Restrictions	9,776,350	9,202,406
Board Designated Net Assets	1,780,320	2,033,105
Investments in Privately Held Organizations	125,250	125,250
Total Financial Assets Available	\$ 1,933,715	\$ 1,950,983

The Organization is funded primarily through contributions and earnings on investments. As part of the Organization's liquidity management, the Organization invests cash in excess of operating requirements in short-term investments and money market funds. The Board has designated net assets for specific use. Although the Organization does not plan to spend from the board-designated net asset fund for general use, these amounts could be made available if necessary.

NOTE 3 - CASH AND CASH FLOWS

For purposes of the statements of cash flows, cash and cash equivalents includes cash on hand and cash held in checking, savings, and money market accounts.

At various times throughout the year, the Organization may have cash and cash equivalents in financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures account balances up to \$250,000 for each business depositor. Cash equivalents that are held in brokerage accounts are protected by the SIPC in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account with a limit of \$250,000 for claims of uninvested cash balances.

NOTE 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give were as follows:

	June 30,	
	2022	2021
Amounts Promised		
Within One Year	\$ 602,333	\$ 95,696
In One to Five Years	1,210,195	898,342
Over Five Years	25,300	26,667
	1,837,828	1,020,705
Less Discount to Net Present Value	34,642	4,621
Less Allowance for Uncollectable Promises	10,976	14,276
Unconditional Promises to Give, Net	\$ 1,792,210	\$ 1,001,808

Unconditional promises to give due in more than one year are discounted at applicable treasury rates ranging from 0.16% to 3.04%.

NOTE 5 - INVESTMENTS

Investments consisted of the following:

Investments Carried at Fair Value		
Cash Equivalents	\$ 3,380	\$ 5,834
Common Stocks	3,735,148	9,148,891
Mutual Funds	4,739,639	718,018
	8,478,167	9,872,743
Investments in Equity Securities Without Readily Determinable Fair Values	1,050,077	973,970
Total Investments	\$ 9,528,244	\$ 10,846,713

NOTE 6 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

LEVEL 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

NOTE 6 - FAIR VALUE MEASUREMENTS (Continued)

LEVEL 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

LEVEL 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Cash and Cash Equivalents: Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

Common Stock: Valued at the closing price reported on the active market where the individual securities are traded.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The preceding methods described may provide a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the operating date. All investments measured at fair value held by the Organization at June 30, 2022 and 2021 were measured using Level 1 inputs.

Investments in equity securities without readily determinable fair values are reported using the measurement alternative whereby the securities are measured at their cost less any impairment, plus or minus changes resulting from observable price changes in "orderly transactions," for the identical or similar investment of the same issuer. During the years ended June 30, 2022 and 2021, there were no changes resulting from impairment or observable price changes.

Risks and Uncertainties

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

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation consisted of the following:

	June 30,	
	2022	2021
Computer Equipment	\$ 10,819	\$ 10,819
Computer Software	34,200	34,200
Office Equipment	9,920	9,920
	54,939	54,939
Less Accumulated Depreciation	51,526	48,106
Total Property and Equipment, Net	\$ 3,413	\$ 6,833

NOTE 8 - BOARD DESIGNATED NET ASSETS

The Board designated net assets for the following purposes:

Gargani Academic U	\$ 133,856	\$ 148,720
Garatoni Man Fund	471,432	551,348
Duhan RLC Fund	1,131,410	1,284,551
World Fund	178	198
Echelberger Leadership Fund	43,444	48,288
Total Board Designated Net Assets	\$ 1,780,320	\$ 2,033,105

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

Subject to the Passage of Time		
Unconditional Promises to Give Not Subject to Expenditure for Specified Purpose	\$ 101,515	\$ 133,843
 Subject to Expenditure for Specified Purpose		
Educational Scholarships and Grants	9,674,835	9,068,563
Total Net Assets with Donor Restrictions	\$ 9,776,350	\$ 9,202,406

NOTE 10 - CONTRACT BALANCES AND REVENUE FROM CONTRACTS WITH CUSTOMERS

All revenue from contracts with customers for the years ended June 30, 2022 and 2021 was recognized over a period of time.

Receivables from contracts with customers were as follows:

	June 30,	
	2022	2021
Accounts Receivable, Net		
Beginning of Year	\$ 57,753	\$ 41,939
End of Year	\$ 11,932	\$ 57,753

NOTE 11 - IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions of securities with a fair value of \$208,321 and \$165,185 during the years ended June 30, 2022 and 2021, respectively. The donated securities are valued based on the closing price reported on the active market where the individual securities are traded on the day of the donation. The donated stock was restricted for scholarships and educational grants.

NOTE 12 - RETIREMENT PLAN EXPENSE

During the years ended June 30, 2022 and 2021, the Organization incurred expenses related to the Organization sponsored retirement plans in the amount of \$19,783 and \$13,436, respectively.

NOTE 13 - AFFILIATED ORGANIZATIONS

Triangle Fraternity

Triangle Fraternity (the Fraternity), a national college fraternity, is a legally separate entity from the Organization. One of the directors of the Organization is a director on the board of the Fraternity. The accounts of the Fraternity have not been combined with the Organization in the accompanying financial statements. The significant transactions and balances between the Organization and Fraternity are as follows:

Operating Lease – The Organization entered into an agreement to rent office space from the Fraternity to function as its national headquarters. The agreement expires in June 2023 and requires annual rent of \$8,344.

Future annual rental payments required under this lease are as follows:

Year Ending June 30,	
2023	\$ <u>8,344</u>

NOTE 13 - AFFILIATED ORGANIZATIONS (Continued)

Reimbursement of Shared Costs – The Organization and Fraternity share certain personnel, operating facilities, equipment, travel, software, and other operating costs.

Grants to Fraternity – The Organization provided grants to the Fraternity to assist with educational and leadership programming.

Following is a summary of transactions and balances with the Fraternity:

	Years Ended June 30,	
	2022	2021
Transactions with the Fraternity		
Rent Paid to the Fraternity under Operating Lease	\$ 8,344	\$ 8,344
Shared Cost Reimbursement to the Fraternity	81,789	54,907
Shared Cost Reimbursement from the Fraternity	28,020	9,485
Grants to the Fraternity	120,566	84,417
Balances at June 30		
Due to the Fraternity	\$ 35,767	\$ 27,832
Due from the Fraternity	2,774	1,519

Triangle Building and Housing Corporation

Triangle Building and Housing Corporation (TBHC) is a legally separate entity organized to provide housing, financing, and related goods and services to local chapters and housing corporations affiliated with the Fraternity. The accounts of TBHC have not been combined with the Organization in the accompanying financial statements. The significant transactions and balances between the Organization and TBHC are as follows:

Reimbursement of Shared Costs – The Organization shared certain operating costs with TBHC during the years ended June 30, 2022 and 2021. Following is a summary of the shared costs and amounts due to and from TBHC.

Transactions with TBHC		
Shared Cost Reimbursement to TBHC	\$ 5,720	\$ 6,920
Shared Cost Reimbursement from TBHC	36,847	15,060
Balances at June 30		
Due to TBHC	\$ -	\$ 3,000
Due from TBHC	10,000	345

Note Receivable – The Organization entered into a \$1,000,000 debenture agreement with TBHC during the year ended June 30, 2019. TBHC agrees to pay the Organization \$1,000,000 with interest at the prime rate plus 1% (prime was 4.75% at June 30, 2022). The outstanding balance on the debenture is due on July 10, 2023, but the Organization can request payment at any time. The Organization requested and received payment on the debenture of \$200,000 in both December 2019 and December 2020. At June 30, 2022 and 2021, the outstanding balance was \$400,000 and \$600,000, respectively. During the years ended June 30, 2022 and 2021, the Organization recognized \$20,684 and \$29,762 of interest revenue, respectively, on the note receivable.

NOTE 14 - CONCENTRATIONS

During the year ended June 30, 2022 and 2021, unconditional promises to give from two donors accounted for 54% and 58%, respectively, of total unconditional promises to give.

NOTE 15 - RISKS AND UNCERTAINTIES – COVID-19 OUTBREAK

In 2020, the World Health Organization announced a global health emergency later classified as a global pandemic as a result of the COVID-19 outbreak. The outbreak and response has impacted financial and economic markets across the World and within the United States of America. The full impact continues to evolve and as such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the possible effects on every aspect of the Organization.

SUPPLEMENTARY INFORMATION

**TRIANGLE EDUCATION FOUNDATION
SCHEDULES OF NET ASSETS WITH DONOR RESTRICTIONS**

	June 30,	
	2022	2021
Multi-Year Unrestricted Pledges Receivable	\$ 101,515	\$ 133,843
Healey Scholarship Fund	33,535	38,479
Hong Scholarship Fund	534,599	598,525
Larson Scholarship Fund	43,433	49,919
Kahlert Scholarship Fund	278,790	332,555
Mortin Scholarship Fund	107,216	123,154
Sabbagh Scholarship Fund	179,970	207,761
Sevcik Scholarship Fund	20,700	19,592
Rust Scholarship Fund	102,410	117,427
Kapadia Scholarship Fund	361,238	416,188
Bye Scholarship Fund	88,671	101,835
Gargani Education Fund	62,118	70,128
Favor Scholarship Fund	73,559	84,449
Schmitt Scholarship Fund	31,083	26,995
Better Man Program	2,396	2,661
Foglesong Scholarship Fund	68,923	79,197
Henderson Scholarship Fund	23,734	27,826
Miller Presidential Leadership Academy	292,545	290,652
Wakerly Leadership Advantage	47,160	53,124
Stocco Scholarship Fund	30,421	33,847
Kahlert Academic Recognition Award	116,827	134,830
Troup Scholarship Fund	45,267	49,826
Garatoni Chapter Education Fund	300,000	450,000
Michigan State Chapter Education Fund	270,703	214,472
Michigan Chapter Education Fund	157,640	185,946
Rose-Hulman Chapter Education Fund	55,692	63,727
Toledo Chapter Education Fund	101,670	116,018
Oklahoma Chapter Education Fund	45,537	52,938
Pitt Chapter Education Fund	59,024	68,669
Marquette Chapter Education Fund	702,022	822,276
Missouri Minds Chapter Education Fund	28,061	33,054
Penn State Chapter Education Fund	43,116	49,390
South Dakota Mines Chapter Education Fund	34,313	44,361
MSOE Chapter Education Fund	115,340	72,964
Colorado State Chapter Education Fund	53,716	60,537
Iowa State Chapter Education Fund	243,575	283,312
Armour Chapter Education Fund	58,236	66,329
Kansas State Chapter Education Fund	47,858	53,765
Ohio State Chapter Education Fund	578,499	680,411
Kentucky Chapter Education Fund	37,382	41,146
Pierre & SE Leroy	-	3,581
Illinois Chapter Education Fund	44,763	50,921
Utah Chapter Education Fund	25,431	30,174
J. McClelland Memorial Scholarship	31,735	36,402
Sub-Total	5,680,423	6,473,206

TRIANGLE EDUCATION FOUNDATION
SCHEDULES OF NET ASSETS WITH DONOR RESTRICTIONS
(Continued)

	June 30,	
	2022	2021
Sub-Total Amount Brought Forward	\$ 5,680,423	\$ 6,473,206
Kansas Chapter Education Fund	159,071	169,641
Ness A C Armour Chapter Education Fund	107,322	121,773
Kahlert 1st Robotics Fund	30,988	58,237
Rose Tech House Fund	146,267	162,296
Michigan Tech House Fund	14,907	16,536
Sonnenberg Scholarship Fund	32,021	36,845
Kleist JUCO Scholarship Fund	74,458	68,999
Duhan Iowa State Scholarship Fund	360,912	283,733
Templin Scholarship Fund	62,698	72,030
Nebraska Chapter Education Fund	14,179	16,002
Louisville Chapter Education Fund	104,636	123,624
Iowa State House Fund	313,593	459,807
Purdue University 1958 Chapter Education Fund	72,335	59,461
Purdue University 1953 Chapter Education Fund	42,898	50,289
Washington Chapter Education Fund	63,017	48,966
Penn State Behrend	102,625	120,640
Clemson Chapter Education Fund	26,838	30,729
Michigan Tech Chapter Education Fund	142,882	165,143
Cal Poly Pomona Chapter Education Fund	27,740	30,467
VCU Chapter Education Fund	9,624	10,613
Wisconsin Chapter Education Fund	51,099	30,880
Minnesota Chapter Education Fund	27,950	31,030
Michigan House Fund	286,839	92,298
Illinois House Fund	1,302,488	47,818
UCLA Chapter Education Fund	93	106
UCLA House Fund	51,532	54,313
South Dakota Mines Terry Newlin Scholarship	121,203	97,643
CEL Educational Program Fund	11,892	1,500
Income Sharing Agreement Fund	233,820	267,781
Income Sharing Agreement Fund	100,000	-
Total Net Assets With Donor Restrictions	\$ 9,776,350	\$ 9,202,406