



# **Delta Tau Delta Fraternity and Delta Tau Delta National Housing Corporation**

**Independent Auditor's Report, Consolidated Financial  
Statements, and Supplementary Information**

July 31, 2025 and 2024



**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
July 31, 2025 and 2024**

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## **Independent Auditor's Report on Consolidated Financial Statements and Supplementary Information**

Board of Directors  
Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Fishers, Indiana

### ***Opinion***

We have audited the consolidated financial statements of Delta Tau Delta Fraternity and Delta Tau Delta National Housing Corporation, which comprise the consolidated statements of financial position as of July 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Delta Tau Delta Fraternity and Delta Tau Delta National Housing Corporation as of July 31, 2025 and 2024, and the changes in its net assets 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Delta Tau Delta Fraternity and Delta Tau Delta National Housing Corporation 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Delta Tau Delta Fraternity and Delta Tau Delta National Housing Corporation's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Delta Tau Delta Fraternity and Delta Tau Delta National Housing Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Delta Tau Delta Fraternity and Delta Tau Delta National Housing Corporation'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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes 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. The information 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 as a whole.

**Forvis Mazars, LLP**

**Indianapolis, Indiana  
December 29, 2025**

**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Consolidated Statements of Financial Position  
July 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,049,710	\$ 393,148
Accounts receivable, net of allowance for credit losses of \$30,874 in 2025 and \$81,167 in 2024	70,946	253,051
Due from Delta Tau Delta Educational Foundation, Inc.	69,946	-
Accrued interest receivable on loans	31,977	28,601
Prepaid expenses and other assets	540,608	613,841
Inventory	14,001	28,745
Investments	4,574,457	5,143,043
Investment in FRMT	84,829	127,244
Loans receivable, net of allowance for credit losses of \$150,000 in 2025 and \$150,000 in 2024	5,585,690	5,955,598
Beneficial interest in trust	100,923	98,607
Property and equipment	171,611	226,592
<b>Total Assets</b>	<u>\$ 12,294,698</u>	<u>\$ 12,868,470</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 322,926	\$ 343,777
Accrued expenses	256,248	118,220
Due to Delta Tau Delta Educational Foundation, Inc.	-	138,576
Deferred risk management program revenue	188,085	168,129
Deferred Karnea revenue	-	157,560
Chapter house loans - escrow funds	380,488	338,552
Self-insurance reserve	346,082	248,837
<b>Total Liabilities</b>	<u>1,493,829</u>	<u>1,513,651</u>
<b>Net Assets</b>		
Without donor restriction	10,699,946	11,256,212
With donor restriction	100,923	98,607
<b>Total Net Assets</b>	<u>10,800,869</u>	<u>11,354,819</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 12,294,698</u>	<u>\$ 12,868,470</u>

**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Consolidated Statements of Activities  
Years Ended July 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Change in Net Assets Without Donor Restrictions</b>		
<b>Revenues</b>		
Undergraduate dues	\$ 2,009,854	\$ 1,951,727
Initiation dues	456,009	462,367
Pledge dues	279,055	269,790
Risk management program	1,036,018	1,616,147
Grants	719,619	485,000
Karnea revenue	242,221	-
Interest income on loans receivable	426,357	319,713
Rental income	317,814	219,288
Other income	166,848	135,559
<b>Total Revenues</b>	<u>5,653,795</u>	<u>5,459,591</u>
<b>Expenses</b>		
<b>Program Services</b>		
Educational and other programs	2,508,832	2,126,423
Risk management programming	673,701	1,374,860
	<u>3,182,533</u>	<u>3,501,283</u>
<b>Supporting Services</b>		
Management and general	3,546,560	3,582,577
<b>Total Expenses</b>	<u>6,729,093</u>	<u>7,083,860</u>
<b>Change in Net Assets Before Other Gains</b>	(1,075,298)	(1,624,269)
<b>Other Gains</b>		
Without donor restrictions - Realized & unrealized gains on investments	509,584	646,560
Without donor restrictions - Gain on sale of property and equipment	9,448	-
With donor restrictions - Change in value of beneficial interest in trust	2,316	6,607
<b>Total Other Gains</b>	521,348	653,167
<b>Change in Net Assets</b>	(553,950)	(971,102)
<b>Net Assets, Beginning of Year</b>	<u>11,354,819</u>	<u>12,325,921</u>
<b>Net Assets, End of Year</b>	<u>\$ 10,800,869</u>	<u>\$ 11,354,819</u>

**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Consolidated Statements of Functional Expenses  
Years Ended July 31, 2025 and 2024**

	<b>2025</b>				
	<b>Educational and Other Programs</b>	<b>Risk Management Program</b>	<b>Program Total</b>	<b>Management and General</b>	<b>Total</b>
Salaries, benefits, and payroll taxes	\$ 715,285	\$ -	\$ 715,285	\$ 1,672,275	\$ 2,387,560
Chapter and membership recruitment	94,478	-	94,478	-	94,478
Membership training	570,785	-	570,785	-	570,785
Conference	879,606	-	879,606	-	879,606
Insurance	-	543,735	543,735	-	543,735
Self-insurance reserve adjustment	-	123,974	123,974	-	123,974
Other direct program costs	-	5,992	5,992	-	5,992
Office	-	-	-	514,729	514,729
Staff training	-	-	-	40,338	40,338
Professional fees	-	-	-	656,731	656,731
Supplies	100,829	-	100,829	70,711	171,540
Publication and postage	137,762	-	137,762	5,463	143,225
Travel, lodging, and meals	-	-	-	384,670	384,670
Depreciation	-	-	-	60,403	60,403
Other	10,087	-	10,087	141,240	151,327
<b>Total Expenses</b>	<b>\$ 2,508,832</b>	<b>\$ 673,701</b>	<b>\$ 3,182,533</b>	<b>\$ 3,546,560</b>	<b>\$ 6,729,093</b>

*See Notes to Consolidated Financial Statements*

**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Consolidated Statements of Functional Expenses  
Years Ended July 31, 2025 and 2024**

**(Continued)**

	<b>2024</b>				<b>Total</b>
	<b>Educational and Other Programs</b>	<b>Risk Management Program</b>	<b>Program Total</b>	<b>Management and General</b>	
Salaries, benefits, and payroll taxes	\$ 576,132	\$ -	\$ 576,132	\$ 1,589,485	\$ 2,165,617
Chapter and membership recruitment	142,117	-	142,117	-	142,117
Membership Training	751,411	-	751,411	-	751,411
Conference	345,853	-	345,853	-	345,853
Insurance	-	1,194,242	1,194,242	-	1,194,242
Self-insurance reserve adjustment	-	28,837	28,837	-	28,837
Other direct program costs	-	151,781	151,781	-	151,781
Office	-	-	-	570,466	570,466
Staff training	-	-	-	12,259	12,259
Professional fees	-	-	-	617,068	617,068
Supplies	52,410	-	52,410	45,961	98,371
Publication and postage	184,865	-	184,865	18,754	203,619
Travel, lodging, and meals	-	-	-	622,191	622,191
Depreciation	-	-	-	76,674	76,674
Other	73,635	-	73,635	29,719	103,354
<b>Total Expenses</b>	<b>\$ 2,126,423</b>	<b>\$ 1,374,860</b>	<b>\$ 3,501,283</b>	<b>\$ 3,582,577</b>	<b>\$ 7,083,860</b>

*See Notes to Consolidated Financial Statements*

**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Consolidated Statements of Cash Flows  
Years Ended July 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Operating Activities</b>		
Change in net assets	\$ (553,950)	\$ (971,102)
Items not requiring (providing) cash		
Depreciation	60,403	76,674
Net realized and unrealized gains on investments	(360,301)	(420,055)
Gain on sale of equipment	(9,448)	-
Change in value of beneficial interest in trust	(2,316)	(6,607)
Changes in		
Accounts receivable	182,105	(4,926)
Due to/from Delta Tau Delta Educational Foundation, Inc.	(208,522)	127,863
Accrued interest receivable	(3,376)	(13,773)
Inventory	14,744	(1,676)
Prepaid expenses and other assets	73,233	331,208
Accounts payable	(20,851)	323,904
Accrued expenses	138,028	(64,038)
Deferred risk management program revenue	19,956	(682,136)
Deferred Karnea revenue	(157,560)	157,560
Chapter house loans - escrow funds	41,936	(18,439)
Self-insurance reserve	97,245	28,837
<b>Net Cash Used in Operating Activities</b>	<u>(688,674)</u>	<u>(1,136,706)</u>
<b>Investing Activities</b>		
Investment purchases	(121,113)	(4,529,714)
Proceeds from investments sold or matured	1,092,415	4,528,799
Loan proceeds disbursed	-	(3,200,000)
Principal payments received on loans receivable	369,908	300,353
Purchase of property and equipment	(9,913)	(17,974)
Proceeds from sale of equipment	13,939	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>1,345,236</u>	<u>(2,918,536)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	656,562	(4,055,242)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>393,148</u>	<u>4,448,390</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,049,710</u>	<u>\$ 393,148</u>

**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Notes to Consolidated Financial Statements  
July 31, 2025 and 2024**

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**Note 1. Summary of Significant Accounting Policies**

***Nature of Operations***

Delta Tau Delta Fraternity (Fraternity) is a national college fraternity with headquarters located in Fishers, Indiana. The Fraternity was established to provide members with a broad educational experience surrounded by a true spirit of brotherhood, stressing individual and group excellence, honor, and high ideals as exemplified by the Delt Creed. The Fraternity has chapters located throughout the United States, which are separate entities governed by a distinct group of officers. Accordingly, the financial position, changes in net assets and cash flows of the individual chapters are not included in the accompanying consolidated financial statements. The Fraternity's revenues are derived principally from dues and risk management program premiums received from members.

The accompanying consolidated financial statements also include the activities of the Delta Tau Delta National Housing Corporation (NHC). NHC holds and manages properties on behalf of the Fraternity and is governed by a Board of Directors appointed by officers of the Fraternity. All significant intercompany accounts and transactions have been eliminated.

During July 2025, the Fraternity created four new subsidiaries, Arch of Promise, Inc.; Purple Road, Inc.; Four Columns, Inc.; and Delta Tau Delta Operations, LLC. These subsidiaries' purpose is to hold housing loans, monetary assets, own intellectual property and trademarks, and process day-to-day operations, respectively. As of July 31, 2025, these subsidiaries had no transactions.

***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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Fraternity considers all liquid investments with original maturities of three months or less to be cash equivalents. At July 31, 2025 and 2024, cash equivalents consisted primarily of money market accounts.

At July 31, 2025, the Fraternity's cash and cash equivalent accounts did not exceed federally insured limits.

***Accounts Receivable***

Accounts receivable are stated at the amount of consideration to which the Fraternity is entitled from chapters and house corporations, including any late fines and accrued but unpaid interest. The Fraternity evaluates the collectability of its receivables in accordance with ASC 326, *Financial Instruments – Credit Losses*, and maintains an allowance for credit losses to reflect management's estimate of expected uncollectible amounts. The allowance is determined based on the age of outstanding receivables, historical collection experience, and current and reasonably supportable forecasted economic conditions. Receivables greater than 90 days outstanding are generally reserved for unless specific circumstances support a different estimate. The allowance was \$30,874 and \$81,167 as of July 31, 2025 and 2024, respectively.

**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Notes to Consolidated Financial Statements  
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New member and initiation dues are due at the time of pledging or initiation. Annual dues are assessed based on members in good standing as of September 25 or October 15 and are due September 30 or October 31, respectively. Risk management liability program dues are assessed based upon membership as of September 25 and October 15, are due November 1, and may be financed through February. Annual dues and risk management program dues that remain unpaid 60 days after their respective due dates incur a 10% late fine. Interest is charged only on outstanding risk management program receivables. Delinquent receivables are written off after 150 days, based on individual credit evaluation and specific customer circumstances.

During the years ended July 31, 2025 and 2024, the Fraternity recognized credit losses of \$96,737 and \$0, respectively.

***Inventory***

Inventory consists primarily of flags, clothing, jewelry, and items held for resale and are stated at the lower of cost or net realizable value, with cost determined by using the first-in, first-out (FIFO) method.

***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investments in limited partnerships are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. 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, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment returns are reflected in the consolidated statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

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

***Investment in FRMT***

The Fraternity measures the Investment in Fraternity Risk Management Trust, Ltd. (FRMT) without a readily determinable fair value at cost minus impairment, if any, plus or minus changes resulting from observable price changes for the identical or a similar investment.

***Loans Receivable***

Loans receivable consist of loans to qualifying chapter house corporations for the acquisition of and significant improvements to chapter houses. Terms of the loans vary as to due dates, interest rates and repayment of principal. The loans are generally secured by first or second mortgages on the related property. All of the Fraternity's loans are such that management has the intent and ability to hold until maturity.

Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Notes to Consolidated Financial Statements  
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***Allowance for Credit Losses***

The allowance for credit losses is established as losses are expected to have occurred through a provision for credit losses charged to income. Credit losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for credit losses is evaluated on a regular basis by management. The allowance for credit losses is a material estimate that is susceptible to significant change.

Groups of loans with similar risk characteristics are collectively evaluated. Loans that do not share risk characteristics are evaluated on an individual basis. Loans with similar risk characteristics are grouped into homogenous segments, or pools for analysis.

A loss rate method is used for each loan in a pool, and the results are aggregated at the pool level. The analysis produces expected losses for each instrument in the pool by pairing loan-level term information, e.g., maturity date, payment amount, interest rate, etc. with top-down pool assumptions, e.g., default rates and prepayment speeds. The Fraternity has identified one portfolio segment, chapter house loans.

In determining the proper level of the allowance for credit loss, the Fraternity determined that the loss experience provides the best basis for assessment of expected credit losses. The Fraternity therefore used historical credit loss experience over an economic cycle.

The Fraternity qualitatively adjusts model results for risk factors that are not considered within the modeling processes but are nonetheless relevant in assessing the expected credit losses within the loan pool. These qualitative factors and other qualitative adjustments may increase or decrease the Fraternity's estimate of expected credit losses by a calculated percentage or amount based upon the estimated level of risk. The various risks that may be considered in making qualitative adjustments include, among other things, the impact of:

- Changes in lending policies and procedures, including changes in underwriting standards and practices for collections, write-offs, and recoveries:
  - (i) Actual and expected changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the loan pools
  - (ii) Changes in the nature and volume of the loan pools and in the terms of the underlying loans
  - (iii) Change in the experience, ability, and depth of our lending management and staff
  - (iv) Changes in volume and severity of past due financial assets, the volume of non-accrual assets, and the volume and severity of adversely classified or graded assets
  - (v) Changes in the value of the underlying collateral for loans that are non-collateral dependent
  - (vi) The existence, growth, and effect of any concentrations of credit
  - (vii) Other factors such as the regulatory, legal and technological environments; competition; and events such as natural disasters or health pandemics

For those loans that are individually evaluated, an allowance is established when the collateral value of the loan is lower than the carrying value of that loan. The general component covers nonclassified loans and estimated using relevant available information from internal and external sources, related to past events, current conditions and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics and are applied as a qualitative factor.

**Delta Tau Delta Fraternity and  
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A loan is individually evaluated for an allowance for credit loss when the scheduled payments of principal or interest are due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due.

***Chapter House Loans – Escrow Funds***

Chapter house loans – escrow funds represent reserves collected in addition to monthly principal and interest equaling an annual amount of one to three percent of the original principal balance of the loans to chapter house corporations. The escrow funds are a reserve for future repairs and maintenance of the chapter houses.

***Property and Equipment***

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset with lives ranging from 2 to 27.5 years.

***Leases***

The Fraternity determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Fraternity determines lease classification as operating or finance at the lease commencement date.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Fraternity has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Fraternity is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Fraternity has elected not to record leases with an initial term of 12 months or less on the consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

The Fraternity signed a renewable, cancelable operating lease to occupy space within an office building that Delta Tau Delta Educational Foundation, Inc. (Foundation) owns. If not cancelled, the Fraternity's annual minimum lease payment through July 31, 2027, would be \$136,064. The Fraternity or Foundation may cancel the lease unilaterally with 12 months' notice. Due to the ability to cancel this lease, it was considered to be a short-term lease and therefore was not recorded on the consolidated statements of financial position. Rent expense for the years ended July 31, 2025 and 2024, totaled \$157,335 and \$152,813, respectively.

After year-end, the Fraternity entered into an operating lease to occupy approximately 9,200 square feet in an office complex. The new space will serve as the offices of the Fraternity and the Foundation and has a commencement date of October 1, 2025. The lease is for a term of 130 months and monthly rents range from \$21,701 to \$27,777. With the execution of this lease, the lease between the Fraternity and Foundation was canceled with no cancellation fee. While no current agreement between the Foundation and Fraternity is signed as of December 18<sup>th</sup>, 2025, the entities plan to enter into a shared service agreement regarding the new lease space.

**Delta Tau Delta Fraternity and  
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***Long-Lived Asset Impairment***

The Fraternity evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended July 31, 2025 and 2024.

***Net Assets***

Net assets without donor restrictions of the Fraternity are maintained in the following funds:

***General Fund*** is the operating fund of the Fraternity. This fund includes assets used by the Fraternity to provide a comprehensive risk management program for the Fraternity and its chapters. This program includes educational programs, loss prevention assistance, general liability, property, and officers and directors' insurance coverage.

***Loyalty Fund*** was established to assist undergraduate chapters to obtain, build, improve or retain chapter houses through loans to house corporations. The principal of the fund, at the direction of the Board of Directors, may be loaned to chapter house corporations for these purposes. Interest and dividend income of the Loyalty fund is credited to the General fund and used in the operations of the Fraternity.

***Legal Defense Fund*** was created to receive, hold and invest all monies raised for it through an annual assessment of all initiated undergraduates of not more than \$5 per school year. The principal of the fund shall not be expended by the Fraternity for any purpose other than to provide interim legal assistance and related services to undergraduate chapters who experience extraordinary legal challenges to their existence or viability from their host institutions.

Net assets with donor restrictions are those whose use by the Fraternity has been limited by donors to a specific time period or purpose. At July 31, 2025 and 2024, the Fraternity's net assets with donor restrictions related to a beneficial interest in a charitable remainder unitrust and was restricted as to time.

***Dues Revenue***

Dues revenue is recognized over the term of the academic year as the Fraternity provides services to members. Revenue is reported at the amount of consideration which the Fraternity expects to be entitled in exchange for providing member services. The Fraternity determines the transaction price based on standard charges for goods and services provided, reduced by any discounts or other price concessions provided to members.

***Risk Management Program***

Delta Tau Delta Fraternity was one of 24 national men's social fraternities which comprise the Fraternity Risk Management Trust, Ltd. (FRMT), a captive insurance company founded in 1996 to reduce the dependency of individual fraternities on the commercial insurance market. During August 2022, the Fraternity transitioned from the FRMT captive insurance policy to a traditional commercial insurance policy through Admiral Insurance Policy. During August 2024, the Fraternity transferred from Admiral Insurance Policy to Favor Insurance Policy.

**Delta Tau Delta Fraternity and  
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The Fraternity requires its undergraduate members to participate in a comprehensive program that includes general liability, directors and officers liability, commercial crime and member accident protection coverage. The annual cost of these policies is recorded as a prepaid expense asset and expensed monthly over the term of the policies. The premium costs plus reserves and overhead expense allocations are invoiced to chapters and colonies based on membership exposure to the overall program. The annual liability insurance allocation to chapters and colonies is recorded as deferred risk management program revenue and recognized as revenue monthly over the term of the policies.

**Contributions**

Contributions are provided to the Fraternity either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Fraternity overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor 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 consolidated statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

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***Karnea Event***

Revenue relating to the Fraternity's biennial national convention (Karnea) is recorded as deferred revenue until the event is held, at which time it is recognized as revenue. Revenue is reported at the amount of consideration which the Fraternity expects to be entitled in exchange for hosting the event. The Fraternity determines the transaction price based on standard charges for the conference. Expenses relating to Karnea are recorded as prepaid expenses until the event is held, at which time they are recognized as expenses. Certain payroll related costs, which would be incurred whether Karnea was held or not, are recorded as expenses in the period incurred.

***Income Taxes***

The Fraternity is exempt from income taxes under Section 501(c)(7) of the Internal Revenue Code and a similar provision of state law. NHC is also exempt from income taxes under Section 501(c)(2) of the Code. However, the Fraternity and NHC are subject to federal income tax on any unrelated business taxable income.

The Fraternity and NHC file tax returns in the U.S. federal jurisdiction.

At July 31, 2025 and 2024, the Fraternity and NHC have determined that no income taxes are due. Management annually reviews these tax positions and has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements.

***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the program and supporting services categories based on the estimated level of effort and benefits received by each service and other methods.

***Subsequent Events***

Subsequent events have been evaluated through December 29, 2025, which is the date the consolidated financial statements were available to be issued.

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**Note 2. Investments and Investment Return**

Investments at July 31 consisted of the following:

	<u>2025</u>	<u>2024</u>
Certificates of deposit	\$ -	\$ 10,831
Common stocks	502,054	487,824
Corporate bonds	458,940	509,372
Closed end funds and ETFs		
Equities	2,452,825	2,633,513
Fixed Income	1,102,931	1,457,996
Commodities	17,487	-
	<u>3,573,243</u>	<u>4,091,509</u>
Mutual funds		
Mutual Fund - Alternative markets	12,595	15,639
Limited partnerships		
Real estate investment trusts	27,625	27,868
	<u>\$ 4,574,457</u>	<u>\$ 5,143,043</u>

Total investment return is comprised of the following:

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 149,283	\$ 226,505
Net realized gain on sale of investments	167,081	211,078
Net unrealized gain on investments	193,220	208,977
	<u>\$ 509,584</u>	<u>\$ 646,560</u>

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***Limited Partnerships***

The fair value of limited partnerships has been estimated using the net asset value per share of the investments. Limited partnerships held at July 31 consist of the following:

	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
July 31, 2025			
Limited partnership			
Real estate investment trust	\$ 27,625	Not eligible	n/a
July 31, 2024			
Limited partnerships			
Real estate investment trust	27,868	Not eligible	n/a

The real estate investment trust is comprised of one limited partnership, which invests in and acquires, holds, operates, and disposes of operational real estate and interests in operating partnerships that acquire real estate projects. This limited partnership is currently in the dissolution phase and shall continue as the partnership winds up their affairs and distributes their assets.

**Note 3. Investment in FRMT**

Effective October 1, 1998, the Fraternity purchased an interest in the Fraternity Risk Management Trust (FRMT), a pooled-risk reinsurance company originally formed in Bermuda and now domesticated and located in Vermont, to serve as a reinsurer of commercial general liability insurance for social fraternities. FRMT is owned by 24 fraternities and purchases general liability coverage from a commercial insurance company, which provides coverage to its member fraternities. The Fraternity has made capital contributions of \$169,658 as of July 31, 2025 and 2024, and paid an entrance fee of \$40,160, which was expensed in the year paid. There are no future capital contributions scheduled at this time. This investment has distributed \$84,829 as of July 31, 2025 and the remaining capital contributions will be distributed evenly over the next two years.

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**Note 4. Risk Management Program**

The activities of the risk management program for the years ended July 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Revenues		
Risk management program	\$ 1,036,018	\$ 1,616,147
Direct expenses		
Insurance	543,735	1,194,242
Self-insurance	123,974	28,837
Other direct program costs	5,992	151,781
Total direct expenses	673,701	1,374,860
Indirect expenses		
Allocated costs of administering risk management program	340,000	340,000
Net change	22,317	(98,713)
Net assets, beginning of year	893,308	992,021
Net assets, end of year	<u>\$ 915,625</u>	<u>\$ 893,308</u>

The Fraternity manages risk management program net assets as part of the General Fund under the following guiding philosophy: operate within a prudent range of financial soundness and stability while still providing adequate staffing to service and support the program, covering self-insured retention and deductible requirements and actual claim needs, and allowing flexibility to smoothen allocations of extreme insurance premium variances year over year.

The risk management program includes general liability, directors and officers/employment practices, commercial crime. Allocated costs include deductibles, self-insured retention requirements, legal costs, incident investigation and membership review costs including travel, lodging, food, supplies and undergraduate drug testing when appropriate and allocated staff time, benefits and overhead necessary to administer the program. As an act of smoothing liability insurance rate increases to members, the Fraternity has historically elected to use accumulated net assets to cover self-insured claim costs rather than to pass on those costs.

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**Note 5. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of July 31, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,049,710	\$ 393,148
Accounts receivable, net	70,946	253,051
Investments	<u>4,574,457</u>	<u>5,143,043</u>
Total financial assets	<u>5,695,113</u>	<u>5,789,242</u>
Cash and cash equivalents and investments held for other funds	(2,253,496)	(1,837,697)
Cash and cash equivalents held by other funds and NHC	(168,709)	(133,952)
Accounts receivable, net for NHC	(36,677)	(14,050)
Investments held by other funds	(1,024,657)	(923,112)
Financial assets held for the benefit of house corporations	<u>(380,488)</u>	<u>(338,552)</u>
Total financial assets held for the benefit of other funds or divisions and house corporations	<u>(3,864,027)</u>	<u>(3,247,363)</u>
Self-insurance reserve	(77,599)	(98,802)
Long-term operating reserve	(1,553,487)	(2,194,740)
Short-term operating reserve (cash flow)	<u>(200,000)</u>	<u>(200,000)</u>
Total reserve funds	<u>(1,831,086)</u>	<u>(2,493,542)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ -</u>	<u>\$ 48,337</u>

The Fraternity manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these principles, the Fraternity forecasts its future cash flows and monitors its liquidity and reserves.

The designated funds of the Fraternity (Loyalty Fund and Legal Defense Fund) are described in Note 1. The board considers financial assets of these funds to be unavailable for general expenditures as the financial assets are designated for the aforementioned funds. Financial assets of the NHC are considered to be unavailable for general expenditure as the financial assets are designated to fund the operations of NHC.

The self-insurance reserve holds funds designated to fund the Fraternity's obligations for deductibles due under its insurance program as required by FRMT and Favor.

The long-term operating reserve holds funds designated to be utilized only in worse case scenarios, they have a long-term investment objective of at least five years and shall maintain a minimum balance of \$2,254,000 as provided for in the Reserve Funds Investment Policy. During July 2025, the Fraternity approved the suspension of the minimum long-term operating reserve to facilitate the new corporate structure after year end.

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The short-term operating reserve holds funds designated to assist the Fraternity with managing cash flow throughout the fiscal year due to fluctuations in the timings of inflows and outflows based upon the routine operating schedule of the Fraternity.

**Note 6. Loans and Allowance for Credit Losses**

Loans receivable are due from affiliated chapter house corporations. The loans bear interest at rates ranging from 4.45% to 7.75% and are generally secured by first or second mortgages or other security interests in the related properties. Loans receivable at July 31, 2025 and 2024, have maturities ranging from October 2026 to July 2044.

Loans receivable at July 31 include:

	<u>2025</u>	<u>2024</u>
Loyalty fund		
Loans receivable	\$ 5,735,690	\$ 6,105,598
Allowance for credit losses	<u>(150,000)</u>	<u>(150,000)</u>
	<u>\$ 5,585,690</u>	<u>\$ 5,955,598</u>

The Fraternity did not incur any write-offs for the years ended July 31, 2025 and 2024. All loans receivable are current as of July 31, 2025 and 2024, and are considered to be of above average credit strength with above average repayment ability while providing a minimal credit risk. The Fraternity evaluates the loan risk and the allowance for credit losses on an ongoing basis.

After year-end, the Fraternity entered into a loan agreement with an affiliated chapter housing corporation, Upsilon at RPI. The loan agreement commenced on August 25, 2025, and the Fraternity loaned Upsilon \$700,000 with 7.50% interest and secured by a leasehold mortgage in the first position.

**Note 7. Beneficial Interest in Trust**

The Fraternity is a remainder beneficiary of a total return unitrust. Under this trust, the income beneficiary receives quarterly distributions until death. Upon the death of the income beneficiary, the Fraternity is to receive 25% of the remaining trust assets.

Based on the income beneficiary's life expectancy, unitrust percentage payout of 5.0%, discount rate of 5.0% for 2025 and 5.6% for 2024 and the value of trust assets, the present value of future benefits expected to be received by the Fraternity was estimated at \$100,923 and \$98,607 at July 31, 2025 and 2024, respectively.

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**Note 8. Property and Equipment**

Property and equipment at July 31 consists of:

	<u>2025</u>	<u>2024</u>
Chapter house and improvements	\$ 347,503	\$ 342,403
Furnishings and equipment	<u>668,100</u>	<u>685,034</u>
	1,015,603	1,027,437
Less accumulated depreciation	<u>(843,992)</u>	<u>(800,845)</u>
	<u>\$ 171,611</u>	<u>\$ 226,592</u>

**Note 9. Retirement Plan**

Employees of the Fraternity are eligible to participate in a 401(k) plan. For the years ended July 31, 2025 and 2024, the Fraternity contributed a match of 100% of the first 3% of annual pay contributed by employees and 50% of the next 3% contributed by employees for a maximum contribution match of 4.5%. The Fraternity also paid an additional employer contribution to all eligible employees equal to 4% of gross wages. For the years ended July 31, 2025 and 2024, the Fraternity contributed \$81,052 and \$68,773, respectively.

**Note 10. Related-Party Transactions**

Delta Tau Delta Educational Foundation, Inc. (Foundation) is a legally separate entity organized to solicit contributions and disburse such funds in the form of educational grants, scholarships and loans. Solicitations are made in its name and all funds are used by the Foundation in fulfilling its educational objectives. The Fraternity, NHC and Foundation, although separate corporations, have certain common Board members.

The Fraternity provides services such as personnel and related benefits, office equipment and supplies to the Foundation, and the Foundation reimburses the Fraternity for its allocable share of these costs. The Fraternity also provides support for educational program counseling, leadership development and alcohol abuse prevention. The cost of these programs is funded primarily by the Fraternity. However, the Foundation makes qualified contributions to the Fraternity that are used to fund part of the cost of these educational programs.

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The following grants were made from the Foundation for the years ended July 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Foundation grants		
Educational programming	\$ 210,000	\$ 301,110
Leadership development	414,087	29,142
Alcohol abuse prevention	20,000	5,760
Values-based education	47,500	4,988
Health and Wellness	28,032	80,000
Other	-	64,000
	<u>\$ 719,619</u>	<u>\$ 485,000</u>

The Fraternity had a renewable, cancelable operating lease to occupy space within an office building that the Foundation owns. If the lease was not cancelled, the Fraternity's annual minimum lease payments would be \$136,064 per year through July 31, 2027. This lease was canceled subsequent to year-end.

The amount owed from the Foundation of \$69,946 at July 31, 2025 consisted of net revenues due to the Fraternity.

The amount payable to the Foundation of \$138,576 at July 31, 2024 consisted of net expenses due from the Fraternity.

The Fraternity periodically enters into business transactions with outside organizations that have relationships with employees, members of the Arch Chapter or committee members of the Fraternity. Related-party transactions are evaluated by the Fraternity on a periodic basis using a conflict of interest policy.

## **Note 11. Disclosures About Fair Value of Assets**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities
- NAV** Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

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Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

***Recurring Measurements***

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at July 31, 2025 and 2024:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value (NAV)
July 31, 2025					
Cash equivalents: money market					
mutual funds	\$ 90,671	\$ 90,671	\$ -	\$ -	\$ -
Investments					
Common stocks	502,054	502,054	-	-	-
Corporate bonds	458,940	458,940	-	-	-
Closed end funds and ETFs					
Equities	2,452,825	2,452,825	-	-	-
Fixed income	1,102,931	1,102,931	-	-	-
Commodities	17,487	17,487	-	-	-
Total closed end funds and ETFs	3,573,243	3,573,243	-	-	-
Mutual funds					
Alternative markets	12,595	12,595	-	-	-
Limited partnerships					
Real estate investment trusts	27,625	-	-	-	27,625
Total investments	<u>\$ 4,574,457</u>	<u>\$ 4,546,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,625</u>
Beneficial interest in trusts	<u>\$ 100,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,923</u>	<u>\$ -</u>

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	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value (NAV)
July 31, 2024					
Cash equivalents: money market mutual funds	\$ 133,323	\$ 133,323	\$ -	\$ -	\$ -
Investments					
Certificates of deposit	10,831	-	10,831	-	-
Common stocks	487,824	487,824	-	-	-
Corporate bonds	509,372	509,372			
Closed end funds and ETFs					
Equities	2,633,513	2,633,513	-	-	-
Fixed income	1,457,996	1,457,996	-	-	-
Total closed end funds and ETFs	4,091,509	4,091,509	-	-	-
Mutual funds					
Alternative markets	15,639	15,639	-	-	-
Limited partnerships					
Real estate investment trusts	27,868	-	-	-	27,868
Total investments	<u>\$ 5,143,043</u>	<u>\$ 5,104,344</u>	<u>\$ 10,831</u>	<u>\$ -</u>	<u>\$ 27,868</u>
Beneficial interest in trusts	<u>\$ 98,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,607</u>	<u>\$ -</u>

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended July 31, 2025. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

**Investments**

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

**Closed End Funds and ETFs, Mutual Funds**

The fair value of mutual funds, closed end funds, and ETFs are based on quoted market prices in active markets and are therefore classified as Level 1.

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**Limited Partnerships**

The value of certain investments, classified as limited partnerships, is determined using net asset value (or its equivalent) as a practical expedient.

**Beneficial Interest in Trusts**

The fair value of a beneficial interest in trusts is based on a valuation model that calculates the present value of estimated distributed income using the market method. The valuation model incorporates assumptions that market participants would use in estimating future distributed income. The Fraternity is able to compare the valuation model inputs and results to widely available published industry data for reasonableness; however, the Fraternity is unable to redeem the assets of the trust until the income beneficiary passes and is therefore classified as Level 3.

**Level 3 Reconciliation**

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated statements of financial position using significant unobservable (Level 3) inputs:

	<b>Beneficial Interest in Trust</b>
Balance, August 1, 2023	\$ 92,000
Change in value of beneficial interest in trust	<u>6,607</u>
Balance, July 31, 2024	98,607
Change in value of beneficial interest in trust	<u>2,316</u>
Balance, July 31, 2025	<u><u>\$ 100,923</u></u>

**Unobservable (Level 3) Inputs**

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements:

	<b>Fair Value</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Range</b>
July 31, 2025 Beneficial interest in trust	\$ 100,923	Present value of estimated future distributions	Discount rate	5.0%
July 31, 2024 Beneficial interest in trust	98,607	Present value of estimated future distributions	Discount rate	5.6%

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**Note 12. Revenue From Contracts With Members**

***Membership Dues Revenue***

Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Fraternity expects to be entitled in exchange for providing member services. These amounts are due from members and do not include a material amount of variable consideration.

Revenue is recognized as performance obligations are satisfied, which is ratably over the academic year. Generally, the Fraternity bills members annually.

***Risk Management Program Revenue***

Revenue from contracts with members for the risk management program is reported at the amount that reflects the consideration to which the Fraternity expects to be entitled in exchange for providing risk management insurance services. These amounts are due from members and do not include a material amount of variable consideration.

Revenue is recognized as performance obligations are satisfied, which is ratably over the term of the policy. Generally, the Fraternity bills members annually.

***Other Revenue***

Revenue from contracts for other revenue sources are reported at the amount that reflects the consideration to which the Fraternity expects to be entitled in exchange for providing services, including hosting events. These amounts are due from members and do not include a material amount of variable consideration.

Revenue is recognized as performance obligations are satisfied, which is either ratably over the service period or at a point in time when the service occurs.

***Transaction Price and Recognition***

The Fraternity determines the transaction price based on standard charges for goods and services provided. The Fraternity generally does not provide discounts or other price concessions.

From time to time, the Fraternity will receive overpayments of customer balances resulting in amounts owed back to either the customers or third parties. These amounts are excluded from revenues and are recorded as liabilities until they are refunded.

Subsequent changes to the estimate of the transaction price due to the result of an adverse change in the member's ability to pay are recorded as bad debt expense.

The Fraternity has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the member or chapter's ability to pay, including the standing of the member with their respective chapter and the standing of the chapter with their respective university.

For the years ended July 31, 2025 and 2024, the Fraternity's contract revenue of \$3,710,287 and \$4,300,031, respectively, was recognized as services that transfer to the member over time. For the years ended July 31, 2025 and 2024, the Fraternity's sales revenue of \$409,069 and \$135,559, respectively, was recognized at a point in time.

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***Contract Balances***

The following table provides information about the Fraternity's receivables, contract assets and contract liabilities from contracts with members:

	<u>2025</u>	<u>2024</u>
Accounts receivable, beginning of year	\$ 253,051	\$ 248,125
Accounts receivable, end of year	70,946	253,051
Deferred revenue, beginning of year	325,689	850,265
Deferred revenue, end of year	188,085	325,689

**Note 13. Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Litigation***

The Fraternity's chapters are defendants in various lawsuits covered by the Fraternity's deferred risk management program. The Fraternity has accrued \$346,082 and \$248,837 at July 31, 2025 and 2024, respectively, which represents an amount that management believes is the best estimate of loss that will result from the litigation, including defense costs. The amount of ultimate loss could differ materially.

The Fraternity is subject to other claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, change in net assets and cash flows of the Fraternity. Events could occur that would change this estimate materially in the near term.

***Supplementary Information***

**Delta Tau Delta Fraternity and  
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Schedule of Financial Position by Fund  
July 31, 2025**

	<u>General Fund</u>	<u>Loyalty Fund</u>	<u>Legal Defense Fund</u>	<u>Total Fraternity</u>	<u>National Housing Corporation</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 881,001	\$ -	\$ 54,933	\$ 935,934	\$ 113,776	\$ -	\$ 1,049,710
Accounts receivable, net	35,178	-	-	35,178	36,677	(909)	70,946
Due from Delta Tau Delta Educational Foundation, Inc.	69,946	-	-	69,946	-	-	69,946
Accrued interest receivable on loans	32,183	-	-	32,183	-	(206)	31,977
Prepaid expenses and other assets	505,214	-	-	505,214	35,394	-	540,608
Inventory	14,001	-	-	14,001	-	-	14,001
Investments	3,549,800	-	1,024,657	4,574,457	-	-	4,574,457
Investment in FRMT	84,829	-	-	84,829	-	-	84,829
Loans receivable, net	-	5,633,401	-	5,633,401	-	(47,711)	5,585,690
Beneficial interest in trust	100,923	-	-	100,923	-	-	100,923
Property and equipment	122,950	-	-	122,950	48,661	-	171,611
Interfund receivables	-	1,335,121	-	1,335,121	2,750	(1,337,871)	-
<b>Total Assets</b>	<u>\$ 5,396,025</u>	<u>\$ 6,968,522</u>	<u>\$ 1,079,590</u>	<u>\$ 13,444,137</u>	<u>\$ 237,258</u>	<u>\$ (1,386,697)</u>	<u>\$ 12,294,698</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>Liabilities</b>							
Accounts payable	\$ 321,000	\$ -	\$ -	\$ 321,000	\$ 2,835	\$ (909)	\$ 322,926
Accrued expenses	178,332	-	-	178,332	78,122	(206)	256,248
Deferred risk management program revenue	188,085	-	-	188,085	-	-	188,085
Chapter house loans - escrow funds	380,488	-	-	380,488	-	-	380,488
Self-insurance reserve	346,082	-	-	346,082	-	-	346,082
Note payable	-	-	-	-	47,711	(47,711)	-
Interfund payables	1,317,871	-	20,000	1,337,871	-	(1,337,871)	-
<b>Total Liabilities</b>	<u>2,731,858</u>	<u>-</u>	<u>20,000</u>	<u>2,751,858</u>	<u>128,668</u>	<u>(1,386,697)</u>	<u>1,493,829</u>
<b>Net Assets</b>							
Without donor restriction	2,563,244	6,968,522	1,059,590	10,591,356	108,590	-	10,699,946
With donor restriction	100,923	-	-	100,923	-	-	100,923
<b>Total Net Assets</b>	<u>2,664,167</u>	<u>6,968,522</u>	<u>1,059,590</u>	<u>10,692,279</u>	<u>108,590</u>	<u>-</u>	<u>10,800,869</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 5,396,025</u>	<u>\$ 6,968,522</u>	<u>\$ 1,079,590</u>	<u>\$ 13,444,137</u>	<u>\$ 237,258</u>	<u>\$ (1,386,697)</u>	<u>\$ 12,294,698</u>

**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Schedule of Financial Position by Fund  
July 31, 2024**

	General Fund	Loyalty Fund	Legal Defense Fund	Total Fraternity	National Housing Corporation	Eliminating Entries	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 259,196	\$ -	\$ 59,558	\$ 318,754	\$ 74,394	\$ -	\$ 393,148
Accounts receivable, net	239,001	-	-	239,001	14,050	-	253,051
Accrued interest receivable on loans	28,954	-	-	28,954	-	(353)	28,601
Prepaid expenses and other assets	585,049	-	-	585,049	28,792	-	613,841
Inventory	28,745	-	-	28,745	-	-	28,745
Investments	4,219,931	-	923,112	5,143,043	-	-	5,143,043
Investment in FRMT	127,244	-	-	127,244	-	-	127,244
Loans receivable, net	-	6,037,367	-	6,037,367	-	(81,769)	5,955,598
Beneficial interest in trust	98,607	-	-	98,607	-	-	98,607
Property and equipment	172,495	-	-	172,495	54,097	-	226,592
Interfund receivables	-	872,316	-	872,316	-	(872,316)	-
<b>Total Assets</b>	<b>\$ 5,759,222</b>	<b>\$ 6,909,683</b>	<b>\$ 982,670</b>	<b>\$ 13,651,575</b>	<b>\$ 171,333</b>	<b>\$ (954,438)</b>	<b>\$ 12,868,470</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>Liabilities</b>							
Accounts payable	\$ 343,777	\$ -	\$ -	\$ 343,777	\$ -	\$ -	\$ 343,777
Accrued expenses	118,220	-	-	118,220	353	(353)	118,220
Due to Delta Tau Delta Educational Foundation, Inc.	138,576	-	-	138,576	-	-	138,576
Deferred risk management program revenue	168,129	-	-	168,129	-	-	168,129
Deferred Karnea revenue	157,560	-	-	157,560	-	-	157,560
Chapter house loans - escrow funds	338,552	-	-	338,552	-	-	338,552
Self-insurance reserve	248,837	-	-	248,837	-	-	248,837
Note payable	-	-	-	-	81,769	(81,769)	-
Interfund payables	862,316	-	10,000	872,316	-	(872,316)	-
<b>Total Liabilities</b>	<b>2,375,967</b>	<b>-</b>	<b>10,000</b>	<b>2,385,967</b>	<b>82,122</b>	<b>(954,438)</b>	<b>1,513,651</b>
<b>Net Assets</b>							
Without donor restriction	3,284,648	6,909,683	972,670	11,167,001	89,211	-	11,256,212
With donor restriction	98,607	-	-	98,607	-	-	98,607
<b>Total Net Assets</b>	<b>3,383,255</b>	<b>6,909,683</b>	<b>972,670</b>	<b>11,265,608</b>	<b>89,211</b>	<b>-</b>	<b>11,354,819</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,759,222</b>	<b>\$ 6,909,683</b>	<b>\$ 982,670</b>	<b>\$ 13,651,575</b>	<b>\$ 171,333</b>	<b>\$ (954,438)</b>	<b>\$ 12,868,470</b>

**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Schedule of Activities by Fund  
Year Ended July 31, 2025**

	<u>General Fund</u>	<u>Loyalty Fund</u>	<u>Legal Defense Fund</u>	<u>Total Fraternity</u>	<u>National Housing Corporation</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>Revenues</b>							
Undergraduate dues	\$ 2,009,854	\$ -	\$ -	\$ 2,009,854	\$ -	\$ -	\$ 2,009,854
Initiation dues	397,170	58,839	-	456,009	-	-	456,009
Pledge dues	279,055	-	-	279,055	-	-	279,055
Risk management program	1,036,018	-	-	1,036,018	-	-	1,036,018
Grants	719,619	-	-	719,619	-	-	719,619
Karnea revenue	242,221	-	-	242,221	-	-	242,221
Interest income on loans receivable	426,357	426,357	-	852,714	-	(426,357)	426,357
Rental income	-	-	-	-	317,814	-	317,814
Other income	132,408	-	-	132,408	34,440	-	166,848
<b>Total Revenues</b>	<b>5,242,702</b>	<b>485,196</b>	<b>-</b>	<b>5,727,898</b>	<b>352,254</b>	<b>(426,357)</b>	<b>5,653,795</b>
<b>Expenses</b>							
<b>Program Services</b>							
Education and other programs	2,508,832	-	-	2,508,832	-	-	2,508,832
Risk management programming	673,701	-	-	673,701	-	-	673,701
	3,182,533	-	-	3,182,533	-	-	3,182,533
<b>Supporting Services</b>							
Management and general	3,200,742	426,357	12,943	3,640,042	332,875	(426,357)	3,546,560
<b>Total Expenses</b>	<b>6,383,275</b>	<b>426,357</b>	<b>12,943</b>	<b>6,822,575</b>	<b>332,875</b>	<b>(426,357)</b>	<b>6,729,093</b>
<b>Change in Net Assets Before Other Gains</b>	<b>(1,140,573)</b>	<b>58,839</b>	<b>(12,943)</b>	<b>(1,094,677)</b>	<b>19,379</b>	<b>-</b>	<b>(1,075,298)</b>
<b>Other Gains</b>							
Without donor restrictions - Realized & unrealized gains on investments	409,721	-	99,863	509,584	-	-	509,584
Without donor restrictions - Gain on sale of property and equipment	9,448	-	-	9,448	-	-	9,448
With donor restrictions - Change in value of beneficial interest in trust	2,316	-	-	2,316	-	-	2,316
<b>Total Other Gains</b>	<b>421,485</b>	<b>-</b>	<b>99,863</b>	<b>521,348</b>	<b>-</b>	<b>-</b>	<b>521,348</b>
<b>Change in Net Assets</b>	<b>(719,088)</b>	<b>58,839</b>	<b>86,920</b>	<b>(573,329)</b>	<b>19,379</b>	<b>-</b>	<b>(553,950)</b>
<b>Net Assets, Beginning of Year</b>	<b>3,383,255</b>	<b>6,909,683</b>	<b>972,670</b>	<b>11,265,608</b>	<b>89,211</b>	<b>-</b>	<b>11,354,819</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,664,167</b>	<b>\$ 6,968,522</b>	<b>\$ 1,059,590</b>	<b>\$ 10,692,279</b>	<b>\$ 108,590</b>	<b>\$ -</b>	<b>\$ 10,800,869</b>

**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Schedule of Activities by Fund  
Year Ended July 31, 2024**

	<u>General Fund</u>	<u>Loyalty Fund</u>	<u>Legal Defense Fund</u>	<u>Total Fraternity</u>	<u>National Housing Corporation</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>Revenues</b>							
Undergraduate dues	\$ 1,951,727	\$ -	\$ -	\$ 1,951,727	\$ -	\$ -	\$ 1,951,727
Initiation dues	402,705	59,662	-	462,367	-	-	462,367
Pledge dues	269,790	-	-	269,790	-	-	269,790
Risk management program	1,616,147	-	-	1,616,147	-	-	1,616,147
Grants	485,000	-	-	485,000	-	-	485,000
Interest income on loans receivable	319,713	319,713	-	639,426	-	(319,713)	319,713
Rental income	-	-	-	-	219,288	-	219,288
Other income	135,559	-	-	135,559	-	-	135,559
<b>Total Revenues</b>	<u>5,180,641</u>	<u>379,375</u>	<u>-</u>	<u>5,560,016</u>	<u>219,288</u>	<u>(319,713)</u>	<u>5,459,591</u>
<b>Expenses</b>							
<b>Program Services</b>							
Education and other programs	2,126,423	-	-	2,126,423	-	-	2,126,423
Risk management programming	1,374,860	-	-	1,374,860	-	-	1,374,860
	3,501,283	-	-	3,501,283	-	-	3,501,283
<b>Supporting Services</b>							
Management and general	3,340,261	319,713	12,650	3,672,624	229,666	(319,713)	3,582,577
<b>Total Expenses</b>	<u>6,841,544</u>	<u>319,713</u>	<u>12,650</u>	<u>7,173,907</u>	<u>229,666</u>	<u>(319,713)</u>	<u>7,083,860</u>
<b>Change in Net Assets Before Other Gains</b>	<u>(1,660,903)</u>	<u>59,662</u>	<u>(12,650)</u>	<u>(1,613,891)</u>	<u>(10,378)</u>	<u>-</u>	<u>(1,624,269)</u>
<b>Other Gains</b>							
Without donor restrictions - Realized & unrealized gains on investments	546,347	-	100,213	646,560	-	-	646,560
With donor restrictions - Change in value of beneficial interest in trust	6,607	-	-	6,607	-	-	6,607
<b>Total Other Gains</b>	<u>552,954</u>	<u>-</u>	<u>100,213</u>	<u>653,167</u>	<u>-</u>	<u>-</u>	<u>653,167</u>
<b>Change in Net Assets</b>	<u>(1,107,949)</u>	<u>59,662</u>	<u>87,563</u>	<u>(960,724)</u>	<u>(10,378)</u>	<u>-</u>	<u>(971,102)</u>
<b>Net Assets, Beginning of Year</b>	<u>4,491,204</u>	<u>6,850,021</u>	<u>885,107</u>	<u>12,226,332</u>	<u>99,589</u>	<u>-</u>	<u>12,325,921</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,383,255</u>	<u>\$ 6,909,683</u>	<u>\$ 972,670</u>	<u>\$ 11,265,608</u>	<u>\$ 89,211</u>	<u>\$ -</u>	<u>\$ 11,354,819</u>

**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Schedule of Loans Receivable  
July 31, 2025**

Chapter	College or University	Principal Balance	Accrued Interest
<b>Loyalty Fund</b>			
Delta	University of Michigan	\$ 38,111	\$ 159
Pi (NHC)	University of Mississippi (NHC)	47,711	206
Gamma Mu	University of Washington	545,692	2,024
Gamma Omicron	Syracuse University	20,706	80
Gamma Rho	University of Oregon	120,028	600
Gamma Iota	University of Texas	2,000,000	12,500
Delta Alpha	University of Oklahoma	351,154	2,195
Delta Delta	University of Tennessee	105,317	474
Delta Omicron	Westminster College	195,672	1,386
Delta Zeta	University of Florida	192,733	985
Epsilon Alpha	Auburn University	263,406	1,454
Epsilon Omega	Georgia Southern University	524,028	2,728
Zeta Delta	Texas State University	169,439	671
Zeta Sigma	Texas A & M University	116,828	541
Gamma Pi	Iowa State University	494,684	2,319
Gamma Psi	Georgia Tech University	597,892	3,861
<b>Total Loyalty Fund Loans</b>		5,783,401	32,183
Less allowance for credit losses		(150,000)	-
Less loan eliminated in combination of Fraternity and NHC		(47,711)	(206)
<b>Loyalty Fund Loans, Net</b>		\$ 5,585,690	\$ 31,977

**Delta Tau Delta Fraternity and  
Delta Tau Delta National Housing Corporation  
Schedule of Loans Receivable  
July 31, 2024**

Chapter	College or University	Principal Balance	Accrued Interest
<b>Loyalty Fund</b>			
Delta	University of Michigan	\$ 101,646	\$ 424
Pi (NHC)	University of Mississippi (NHC)	81,769	353
Gamma Mu	University of Washington	588,977	2,184
Gamma Omicron	Syracuse University	36,438	140
Gamma Rho	University of Oregon	147,068	735
Gamma Iota	University of Texas	2,000,000	12,500
Delta Alpha	University of Oklahoma	390,400	2,400
Delta Delta	University of Tennessee	125,879	-
Delta Omicron	Westminster College	199,681	-
Delta Zeta	University of Florida	236,012	1,206
Delta Omega	Kent State University	1,779	-
Epsilon Alpha	Auburn University	291,214	1,608
Epsilon Omega	Georgia Southern University	539,797	2,811
Zeta Delta	Texas State University	181,312	718
Zeta Sigma	Texas A & M University	142,205	-
Gamma Pi	Iowa State University	523,190	-
Gamma Psi	Georgia Tech University	600,000	3,875
<b>Total Loyalty Fund Loans</b>		6,187,367	28,954
Less allowance for credit losses		(150,000)	-
Less loan eliminated in combination of Fraternity and NHC		(81,769)	(353)
<b>Loyalty Fund Loans, Net</b>		<b>\$ 5,955,598</b>	<b>\$ 28,601</b>