

PANHELLENIC SCHOLARSHIP FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2012 and 2011

POULOS & BAYER
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Member

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To the Board of Directors
PanHellenic Scholarship Foundation
Chicago, Illinois 60602

We have audited the accompanying statement of financial position of the PanHellenic Scholarship Foundation (a Not-for Profit organization) as of December 31, 2012 and 2011 and the related statements of activities and cash flows for the years then ended, and the related notes to 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; this include 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PanHellenic Scholarship Foundation Not-for-Profit Entity as of December 31, 2012, 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.

Poulos & Bayer

June 19, 2013

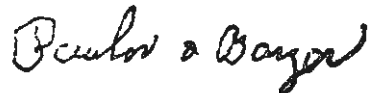
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PANHELLENIC SCHOLARSHIP FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$32,706	\$3,699
Contributions Receivable	800	20,000
Prepaid Expenses	0	5,000
TOTAL ASSETS	<u>\$33,506</u>	<u>\$28,699</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$300	\$1,448
Scholarship Awards	<u>20,000</u>	<u>0</u>
TOTAL LIABILITIES	<u>\$20,300</u>	<u>\$1,448</u>
<u>NET ASSETS</u>		
Unrestricted	\$13,206	\$27,251
Temporarily Restricted	0	0
Permanently Restricted	<u>0</u>	<u>0</u>
TOTAL NET ASSETS	<u>\$13,206</u>	<u>\$27,251</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$33,506</u>	<u>\$28,699</u>

PANHELLENIC SCHOLARSHIP FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES				
<u>Contributed</u>				
Individuals	\$86,958			\$86,958
Corporations	289,700			289,700
Foundations	61,102			61,102
Organizations	9,834			
In-Kind	129,854			129,854
Event, net	(56,951)			(56,951)
TOTAL REVENUES	<u>\$520,497</u>	<u>\$0</u>	<u>\$0</u>	<u>\$520,497</u>
EXPENSES				
Program Services	\$430,033			\$430,033
<u>Support Services</u>				
General and Administrative	35,340			35,340
Fund Raising and Development	69,170			69,170
TOTAL EXPENSES	<u>\$534,542</u>	<u>\$0</u>	<u>\$0</u>	<u>\$534,542</u>
CHANGE IN NET ASSETS	(\$14,045)	\$0	\$0	(\$14,045)
NET ASSETS, BEGINNING OF YEAR	<u>27,251</u>	<u>0</u>	<u>0</u>	<u>27,251</u>
NET ASSETS, END OF YEAR	<u>\$13,206</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,206</u>

PANHELLENIC SCHOLARSHIP FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES				
<u>Contributed</u>				
Individuals	\$27,460			\$27,460
Corporations	18,928			18,928
Foundations	20,000			20,000
In-Kind	114,953			114,953
Event, net	190			190
TOTAL REVENUES	<u>\$181,531</u>	<u>\$0</u>	<u>\$0</u>	<u>\$181,531</u>
EXPENSES				
Program Services	\$71,970			\$71,970
<u>Support Services</u>				
General and Administrative	60,368			60,368
Fund Raising and Development	25,158			25,158
TOTAL EXPENSES	<u>\$157,496</u>	<u>\$0</u>	<u>\$0</u>	<u>\$157,496</u>
CHANGE IN NET ASSETS	\$24,035	\$0	\$0	\$24,035
NET ASSETS, BEGINNING OF YEAR	<u>3,216</u>	<u>0</u>	<u>0</u>	<u>3,216</u>
NET ASSETS, END OF YEAR	<u>\$27,251</u>	<u>\$0</u>	<u>\$0</u>	<u>\$27,251</u>

EXHIBIT "D"

PANHELLENIC SCHOLARSHIP FOUNDATION
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
(Decrease) Increase in Net Assets	(14,045)	\$24,035
Adjustments to Reconcile Change in Net Assets to Net Cash		
Other Changes		
Contributions Receivable	19,200	(14,000)
Prepaid Expense	5,000	(5,000)
Accounts Payable	(1,148)	(2,805)
Scholarship Awards	20,000	0
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$29,007</u>	<u>\$2,230</u>
NET CASH CHANGE	\$29,007	\$2,230
<u>CASH AND EQUIVALENTS</u>		
Beginning of Year	<u>3,699</u>	<u>1,469</u>
End of Year	<u><u>\$32,706</u></u>	<u><u>\$3,699</u></u>
<u>Supplemental Information</u>		
Interest Paid	\$0	\$0
Income Taxes Paid	\$0	\$0

PANHELLENIC SCHOLARSHIP FOUNDATION
FOOTNOTES TO FINANCIAL STATEMENTS
DECEMBER 31 2012 AND 2011

NATURE OF ACTIVITIES

The PanHellenic Scholarship Foundation (Foundation) is a not-for-profit corporation whose mission is to promote education by providing scholarships and educational programs to Greek American students, who, guided by the values of their Hellenic upbringing, have the potential to become life-long significant achievers and contribute meaningfully to society.

In 2012, the Foundation launched a new program called Hellenic Birthright. The program is in collaboration with the American College of Thessaloniki, a division of Anatolia College, and is offered to Greek American college students ages 18-25. The objective of the program is to provide an educational cultural experience for those selected students who have not had the opportunity to visit Greece.

All of the organization's support is derived from voluntary donations.

SIGNIFICANT ACCOUNTING POLICIES

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Foundation has adopted the guidance of the *Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-225, Not-for Profit Entities - Income Statement* (formerly *Statement of Financial Accounting Standards (SFAS) no. 117, "Financial Statements for Not-for-Profit"*).

In accordance with *FASB ASC 958-225*, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows. The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America.

Unrestricted - net assets that are not subject to donor-imposed stipulations or the donor-imposed stipulations have expired.

Temporarily Restricted - net assets subject to donor-imposed stipulations that can be satisfied by actions of The Society or by the passage of time.

Permanently Restricted - net assets subject to donor-imposed stipulations that they be maintained permanently by The Society.

Contributions

In accordance with *FASB ASC 958-605-45-3 and 45-4* (formerly *SFAS No. 116, paragraph 8, "Accounting for Contributions Received and Contributions Made"*) contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the absence or existence and nature of donor restrictions.

Expense Allocation

Directly identifiable expenses are charged to the scholarship program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense estimates. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been established. The Foundation files tax returns in the U. S. federal jurisdiction and Illinois. The Foundation does not expect a material net change in unrecognized tax benefits in the next twelve months.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and all highly liquid investments with an original maturity of three months or less.

Fair Value of Financial Instruments

Due to the short-term nature of cash equivalents, receivables, and prepaid expenses and accounts payable, their fair value approximates carrying value.

CONCENTRATIONS

The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Foundation has a concentration risk related to its Board of Directors' Chairman, major financial supporter, and in-kind contributor for administrative personnel and occupancy expense. The Foundation is aware of this concentration and considers it to be a stimulating attribute for achieving the Foundation's mission.

CONTRIBUTIONS RECEIVABLE

All contributions receivable are currently due within one year. The Foundation believes that all contributions receivable as of the balance sheet date will be collected and therefore no allowance for uncollectible contributions has been made.

ANNUAL EVENT

No annual gala event was scheduled in 2011 as the Foundation adjusted the event date to mid-year. The scholarship gala was held in June, 2012. The event realized \$50,000 in ticket sales and \$16,270 from the event auction. Direct expenses related to this event were \$123,221.

EVENT

The Foundation participated in a fundraising event in 2011 with gross revenue of \$890 and expenses of \$700.

SCHOLARSHIP AWARD PROGRAM

Since the Foundation adjusted their major fundraising event that supports the scholarship program, no scholarships were awarded in 2011 other than the two supported by a grant from the Stavros Niarchos Foundation. These scholarships were initiated in 2010 for a four year period dependent upon the recipients and the PanHellenic Scholarship Foundation meeting grant guidelines. All requirements were met. The Foundation had its annual awards distribution in June of 2012 where it distributed a total of \$235,000. In addition, awards of \$20,000 as part of the Stavros Niarchos Foundation grant, were distributed in December of 2012.

ADVERTISING

The Foundation uses advertising to promote its scholarship program. These costs are expensed as incurred. The total advertising costs for the years ended December 31, 2012 and December 31, 2011 were \$5,518 and \$1,750 respectively.

IN KIND

The Foundation was provided administrative personnel and occupancy expenses by Tomaras Investments Ltd. The estimated in-kind value to the Foundation was \$119,215 and \$112,315 for the years ended December 31, 2012 and 2011 respectively. The in-kind revenue of \$129,854 and \$114,953 includes the \$119,215 and \$112,315 for the respective years ended December 31, 2012 and 2011 from Tomaras Investments, Ltd. The residual of in-kind revenue and expenses relates to discounted services.

RELATED PARTY TRANSACTIONS

The Chairman of the Foundation's Board of Directors is Chris Tomaras. Mr. Tomaras is the sole owner of Tomaras Investments Ltd. which provides in-kind services for the Foundation. Mr. Tomaras is a major contributor to the organization. Board members are aware of this relationship. Costs are allocated relative to time devoted to the Foundation. In addition, Mr. Tomaras is the sole shareholder in the entity that provided in-kind services.

SUBSEQUENT EVENTS

Subsequent events were evaluated through June 19, 2013, which is the date the financial statements were available to be issued.

ACCOMPANYING SUPPLEMENTAL INFORMATION

PANHELLENIC SCHOLARSHIP FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2012

	Program Services	Support Services		
	Program Expenses	General and Administrative Expenses	Fund Raising and Development Expenses	Total
Scholarship Grants	\$255,000			\$255,000
Hellenic Birthright	72,250			72,250
Accounting		4,310		4,310
Legal Fees		1,095		1,095
Auto Expense		220		220
Bank and Credit Card Processing Charges		1,768		1,768
Computer Expense		730		730
Consulting	19,510		8,362	27,872
Dues and Subscriptions		248		248
Email Broadcasting	336		336	672
Fax Broadcasting	650		649	1,299
Graphic Design	2,624		2,624	5,248
Licenses		215		215
Marketing - Publicity	9,436		9,435	18,871
Insurance	259			259
Postage and Mailings	5,332		5,331	10,663
Printing	8,798		8,798	17,596
Web Development & Maintenance		1,875		1,875
Equipment Rental - In Kind		1,009		1,009
Office Supplies - In-Kind	1,363	818	3,271	5,451
Rent - In-Kind	12,040	12,040	12,041	36,121
Salaries - In-Kind	41,336	10,334	17,223	68,893
Telephone - In-Kind	843	421	843	2,107
Utilities - In-Kind	257	257	257	771
TOTAL FUNCTIONAL EXPENSES	\$430,033	\$35,340	\$69,170	\$534,542

PANHELLENIC SCHOLARSHIP FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011

	Program Services	Support Services		
	Program Expenses	General and Administrative Expenses	Fund Raising and Development Expenses	Total
Scholarship Grants	\$20,000			\$20,000
Accounting		\$3,920		3,920
Bank and Credit Card Processing Charges		549		549
Computer Expense		76		76
Consulting			3,000	3,000
Dues and Subscriptions		297		297
Email Broadcasting	710			710
Fax Broadcasting	410			410
Graphic Design	870	290	290	1,450
Licenses		340		340
Marketing - Publicity		4,915		4,915
Office Supplies	58	56	56	170
Postage and Mailings	1,189		642	1,831
Printing	4,410			4,410
Web Development & Maintenance	467			467
Accounting - In Kind		888		888
Computer Expense-In Kind		828		828
Equipment Rental-in Kind	344	334	334	1,012
Marketing-Advertising-In Kind	1,750			1,750
Office Supplies - In-Kind	403	391	391	1,185
Postage and Printing - In Kind	393		131	524
Rent - In-Kind	11,982	11,629	11,629	35,240
Salaries - In-Kind	28,595	33,986	8,101	70,682
Telephone - In-Kind	389	974	584	1,947
Utilities - In-Kind		895		895
TOTAL FUNCTIONAL EXPENSES	\$71,970	\$60,368	\$25,158	\$157,496