

**THE TAU BETA PI ASSOCIATION, INC.**  
Knoxville, Tennessee

**FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION**  
July 31, 2021 and 2020

THE TAU BETA PI ASSOCIATION, INC.  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Tau Beta Pi Association, Inc.  
Knoxville, Tennessee

***Report on the Financial Statements***

We have audited the accompanying financial statements of The Tau Beta Pi Association, Inc., which comprise the statements of financial position as of July 31, 2021 and 2020, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tau Beta Pi Association, Inc. as of July 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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(Continued)

**Emphasis of Matter**

As discussed in Note 2, the Association restated net assets without donor restrictions and net assets with donor restriction as of August 1, 2019, to correct an error between the net asset classes. Our opinion is not modified with respect to this matter.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The 2021 schedules of analysis of fellowship program, collegiate chapter accounts receivable, analysis of convention revenue and expenses, and investment analysis and assets held by trustee are presented for purposes of additional analysis and is not a required part of the 2021 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 2021 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 financial statements or to the 2021 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 2021 financial statements as a whole.



Crowe LLP

Louisville, Kentucky  
June 30, 2023

THE TAU BETA PI ASSOCIATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 July 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 519,186	\$ 629,022
Accounts receivable		
Chapters	14,404	53,201
Student loans	15,578	18,647
Pledges expected to be received within one year, net	103,221	116,681
The Bent life subscription installments	3,652	3,130
Trust contribution	195,000	-
Other	<u>7,995</u>	<u>4,640</u>
	339,850	196,299
Inventory	49,588	92,311
Beneficial interest in assets held by others, current portion (Note 6)	83,304	84,182
Prepaid expenses	<u>74,664</u>	<u>61,726</u>
Total current assets	1,066,592	1,063,540
Pledges expected to be received after one year, net	154,485	261,961
Furniture and equipment, net of accumulated depreciation of \$93,578 and \$84,230 at July 31, 2021 and 2020, respectively	73,143	38,341
Other assets		
Investments (Note 3)	41,656,755	31,022,284
Beneficial interest in assets held by others, net of current portion (Note 6)	<u>789,492</u>	<u>797,822</u>
	<u>42,446,247</u>	<u>31,820,106</u>
	<u>\$ 43,740,467</u>	<u>\$ 33,183,948</u>

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
July 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable		
Chapters	\$ 47,739	\$ 29,708
Laureate awards	14,000	11,000
Fellowship and scholarship stipends	784,300	882,300
Other	<u>56,606</u>	<u>44,534</u>
	902,645	967,542
Accrued expenses	70,048	69,887
Deferred convention revenue	192,060	96,970
Deferred The Bent subscription revenue, current portion	85,772	110,534
Annuity payable, current portion (Note 7)	33,037	26,137
Payroll protection program (PPP) loan (Note 12)	<u>189,380</u>	<u>185,700</u>
Total current liabilities	1,472,942	1,456,770
Long-term liabilities		
Deferred The Bent subscription revenue, net of current portion	117,948	88,692
The Bent life subscriptions	1,032,356	1,053,425
Annuity payable, net of current portion (Note 7)	<u>150,670</u>	<u>167,732</u>
	1,300,974	1,309,849
Net assets		
Without donor restrictions		
Undesignated	9,553,227	6,602,904
Designated (Note 4)	12,738,464	9,396,784
With donor restrictions (Note 4)	<u>18,674,860</u>	<u>14,417,641</u>
	<u>40,966,551</u>	<u>30,417,329</u>
	<u>\$ 43,740,467</u>	<u>\$ 33,183,948</u>

See accompanying notes to financial statements.

THE TAU BETA PI ASSOCIATION, INC.  
STATEMENTS OF ACTIVITIES  
Year ended July 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and gain on investments</b>			
Initiation and chapter fees and fines	\$ 284,592	\$ -	\$ 284,592
Chapter and individual sales	156,426	-	156,426
Contributions and bequests	1,424,798	1,076,017	2,500,815
Annual convention	41,250	-	41,250
The Bent publication	102,632	-	102,632
Net life subscription fee transfer	25,446	-	25,446
Student loan interest	377	-	377
Miscellaneous	59,463	1,000	60,463
Interest and dividends	1,014,666	639,776	1,654,442
Net gain (loss) on investments	5,361,702	3,239,036	8,600,738
Beneficial interest in assets held by others		(9,208)	(9,208)
Net assets released from restrictions (Note 4)	<u>689,402</u>	<u>(689,402)</u>	<u>-</u>
Total revenues and gains on investments	<u>9,160,754</u>	<u>4,257,219</u>	<u>13,417,973</u>
<b>Expenses</b>			
Program services			
Chapter supplies and operations	469,176	-	469,176
Cost of chapter and individual sales	161,386	-	161,386
Annual convention	107,887	-	107,887
District program	34,555	-	34,555
Engineering futures program	22,645	-	22,645
Greater interest in government program	4,412	-	4,412
BULLETIN publication	40,116	-	40,116
Student assistance program	133,183	-	133,183
Laureate program	15,935	-	15,935
Advisor program	25,462	-	25,462
The Bent publication	360,550	-	360,550
Fellowship and scholarship program	862,604	-	862,604
Alumnus program	98,165	-	98,165
Alumnus recognition program	6,313	-	6,313
K-12 mindset program	18,050	-	18,050
Student loan program	<u>5,898</u>	<u>-</u>	<u>5,898</u>
Total program services	<u>2,366,337</u>	<u>-</u>	<u>2,366,337</u>
Support services			
General and administrative	237,063	-	237,063
Alumni giving program	<u>265,351</u>	<u>-</u>	<u>265,351</u>
Total support services	<u>502,414</u>	<u>-</u>	<u>502,414</u>
Total expenses	<u>2,868,751</u>	<u>-</u>	<u>2,868,751</u>
<b>Change in net assets</b>	6,292,003	4,257,219	10,549,222
Net assets at beginning of year	<u>15,999,688</u>	<u>14,417,641</u>	<u>30,417,329</u>
<b>Net assets at end of year</b>	<u>\$ 22,291,691</u>	<u>\$ 18,674,860</u>	<u>\$ 40,966,551</u>

See accompanying notes to financial statements.

THE TAU BETA PI ASSOCIATION, INC.  
STATEMENTS OF ACTIVITIES  
Year ended July 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and gain on investments</b>			
Initiation and chapter fees and fines	\$ 243,471	\$ -	\$ 243,471
Chapter and individual sales	122,481	-	122,481
Contributions and bequests	2,077,751	703,689	2,781,440
Annual convention	256,054	-	256,054
The Bent publication	84,858	-	84,858
Net life subscription fee transfer	21,727	-	21,727
Student loan interest	776	-	776
Miscellaneous	26,495	19,000	45,495
Interest and dividends	839,623	539,611	1,379,234
Net gain (loss) on investments	410,044	242,617	652,661
Beneficial interest in assets held by others	-	(1,801)	(1,801)
Gain (loss) on disposal of assets	(584)	-	(584)
Net assets released from restrictions (Note 4)	<u>798,224</u>	<u>(798,224)</u>	<u>-</u>
Total revenues and gains on investments	<u>4,880,920</u>	<u>704,892</u>	<u>5,585,812</u>
<b>Expenses</b>			
Program services			
Chapter supplies and operations	336,919	-	336,919
Cost of chapter and individual sales	142,365	-	142,365
Annual convention	526,324	-	526,324
District program	150,657	-	150,657
Engineering futures program	84,729	-	84,729
Greater interest in government program	5,514	-	5,514
BULLETIN publication	21,167	-	21,167
Student assistance program	2,296	-	2,296
Laureate program	11,560	-	11,560
Advisor program	26,774	-	26,774
The Bent publication	348,967	-	348,967
Fellowship and scholarship program	934,200	-	934,200
Alumnus program	57,444	-	57,444
Alumnus recognition	5,124	-	5,124
K-12 mindset program	31,875	-	31,875
Student loan program	<u>6,591</u>	<u>-</u>	<u>6,591</u>
Total program services	<u>2,692,506</u>	<u>-</u>	<u>2,692,506</u>
Support services			
General and administrative	308,913	-	308,913
Alumni giving program	<u>248,285</u>	<u>-</u>	<u>248,285</u>
Total support services	<u>557,198</u>	<u>-</u>	<u>557,198</u>
Total expenses	<u>3,249,704</u>	<u>-</u>	<u>3,249,704</u>
<b>Change in net assets</b>	1,631,216	704,892	2,336,108
Net assets at beginning of year, restated (See Note 2)	<u>14,368,472</u>	<u>13,712,749</u>	<u>28,081,221</u>
<b>Net assets at end of year</b>	<u>\$ 15,999,688</u>	<u>\$ 14,417,641</u>	<u>\$ 30,417,329</u>

See accompanying notes to financial statements.



THE TAU BETA PI ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
Years ended July 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 10,549,222	\$ 2,336,110
Adjustments to reconcile change in net assets to net cash from operating activities		
Net life subscription fee transfer	(25,447)	(21,727)
Net gain on investments	(8,600,738)	(652,661)
Net loss on disposal of equipment	687	584
Gain on forgiveness of PPP loan	(185,700)	-
Depreciation	9,348	8,275
Annuity expense	33,037	19,910
Change in value of beneficial interest in assets held by others	9,208	1,801
Contributions with donor restrictions received	(1,076,018)	(703,689)
Changes in operating assets and liabilities		
Accounts receivable	(36,075)	59,152
Inventory	42,723	(31,490)
Prepaid expenses	(12,938)	(19,617)
Accounts payable	(64,897)	(14,905)
Accrued expenses	161	13,035
Deferred convention revenue	95,090	(49,460)
Deferred The Bent subscription revenue	4,494	10,157
The Bent life subscriptions	4,378	4,645
Annuity payable	(10,162)	48,737
Net cash from operating activities	<u>736,373</u>	<u>1,008,857</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	86,919,195	9,948,471
Payments for purchase of investments	(88,952,928)	(11,775,001)
Payments for the purchase of equipment	(44,837)	(17,535)
Net cash used in investing activities	<u>(2,078,570)</u>	<u>(1,844,065)</u>
<b>Cash flows from financing activities</b>		
Payments on annuity payable	(33,037)	(19,910)
Proceeds from PPP loan	189,380	185,700
Proceeds from contributions with donor restrictions received	<u>1,076,018</u>	<u>703,689</u>
Net cash from financing activities	<u>1,232,361</u>	<u>869,479</u>
<b>Net change in cash and cash equivalents</b>	(109,836)	34,271
Cash and cash equivalents at beginning of year	<u>629,022</u>	<u>594,751</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 519,186</u>	<u>\$ 629,022</u>
<b>Supplemental disclosures of cash flow information</b>		
Noncash contributions and gifts	\$ 130,504	\$ 37,079

See accompanying notes to financial statements.

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2021 and 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations: The Tau Beta Pi Association, Inc. (the "Association"), a national engineering honor society, was founded at Lehigh University in 1885 by Dr. Edward Higginson Williams, Jr., "to mark in a fitting manner those who have conferred honor upon their Alma Mater by distinguished scholarship and exemplary character as students in engineering, or by their attainments as alumni in the field of engineering, and to foster a spirit of liberal culture in engineering colleges." - Preamble to the Constitution.

The Association consists primarily of collegiate members and chapters whose purposes are to encourage and recognize superior scholarship and/or leadership achievement.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America.

Financial Statement Presentation: Under FASB ASC 958, the Association's basic financial statements consist of a statement of financial position, a statement of activities and a statement of cash flows. Additionally, net assets and revenues, expenses, gains and losses are classified as net assets without donor restrictions or net assets with donor restrictions based on the existence or absence of donor-imposed restrictions.

In accordance with FASB ASC 958, contributions are recorded as without donor restrictions or with donor restrictions support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other 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.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at a risk-free rate. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions and pledges receivable is provided based upon management's judgment including such factors as prior collection history and type of contribution. All pledges receivable at July 31, 2021 are due within five years.

Use of Estimates in the Preparation of Financial Statements: 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Endowment Funds: The Association has endowment funds that are included in net assets with donor restrictions to ensure the observance of limitations and restrictions placed on the use of contributions and support to the Association. These endowed contributions are permanently invested and the related investment income is restricted for the intended purpose, such as providing fellowships and scholarships to deserving students.

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2021 and 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventory: Inventory of chapter supplies, individual insignia and certificates is valued at cost, with cost being determined using the first-in, first-out method.

Investments and Investment Income: Investments in marketable equity securities and all investments in debt securities are reported at their fair values based on quoted market prices in the statements of financial position. Unrealized gains and losses in fair value are recognized as changes in net assets in the period such gains and losses occur.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Investment income is recorded on the accrual basis and considered without donor restrictions unless specifically restricted by the donor. Realized gains and losses on investment transactions are recorded as the difference between proceeds received and cost, net of any commissions or related management expenses.

Furniture and Equipment: Purchased furniture and equipment are stated at cost. Donations of furniture and equipment are recorded as support at their estimated fair value. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose or time of use. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed on the straight-line method over the estimated useful lives of the assets and is considered a cost of operations. Depreciation expense for the years ended July 31, 2021 and 2020 amounted to \$9,348 and \$8,275, respectively.

Revenue Recognition: New initiates are charged a fee that is recorded as revenue in the period when the fee is earned. In addition, new initiates are charged an assessment for the following year's convention. The convention assessment is deferred and recognized as revenue in the period that the convention occurs.

The Association publishes a quarterly magazine, titled *The Bent*. Members of the Association may purchase the magazine under one of three different subscription plans.

New initiates purchase a separate four-year subscription to the *The Bent* in conjunction with their initiation fee. The Association also sells annual subscriptions. The revenue from these two subscription plans is deferred and recognized over the periods that the subscriptions are distributed.

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2021 and 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Members may also purchase life subscriptions to the magazine. The life subscription fee revenue is deferred and recognized as revenue over the average remaining life expectancy of the member.

Balance at August 1, <u>2020</u>	Revenue Recognized in <u>2021</u>	Cash Received in Advance of <u>Performance</u>	Balance at July 31, <u>2021</u>
\$ 296,196	\$ (143,882)	\$ 243,466	\$ 395,780
Balance at August 1, <u>2019</u>	Revenue Recognized <u>2020</u>	Cash Received in Advance of <u>Performance</u>	Balance at July 31, <u>2020</u>
\$ 335,499	\$ (340,912)	\$ 301,609	\$ 296,196

Donated Services: A substantial number of members have made significant contributions of their time to the Association. The value of this time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Income Taxes: The Association is a not-for-profit corporation pursuant to Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related income pursuant to Section 501(a). Accordingly, no provision for income taxes is required for the Association in the financial statements.

A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. The Association does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

The Association recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Association has no amounts recorded for unrecognized tax benefits or interest and penalties at July 31, 2021 or July 31, 2020.

Expense Allocation: Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. 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 Association.

Cash and Cash Equivalents: For the purpose of the statement of cash flows, cash includes cash and cash equivalents with original maturities of 90 days or less.

In-Kind Contributions and Expenses: Donated in-kind rent and audit services were received in the current year. The value of these contributions has been recorded as in-kind revenue and expense in the amounts of \$32,699 and \$37,079 for the years ending July 31, 2021 and 2020, respectively. The rental agreement is informal and has an indefinite term.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Concentrations of Credit Risk: Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of cash on deposit and investments. The Association's cash deposits are in financial institutions in Tennessee and may at times exceed federally insured amounts. Investments consist primarily of publicly-traded securities in an open market. Management does not believe the Association has any significant credit risk related to its financial instruments other than normal market volatility.

Allowance for Doubtful Accounts: The allowance for doubtful accounts is determined by management based on the Association's historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net assets or change in net assets.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 7. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates and other factors. Changes in assumptions or in market conditions could significantly affect these estimates.

Recent Accounting Pronouncement: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers Topic (606)*. This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU has superseded the revenue recognition requirements in *Topic 605, Revenue Recognition*, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Association is not materially impacted by the pronouncement and as a result, no cumulative effect adjustment was recorded upon adoption in the year ended July 31, 2020.

In June 2018, the FASB issued ASU 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this Update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. The Association applied the amendments in this ASU for the year ended July 31, 2020.

The Association implemented ASU 2014-09 and ASU 2018-08 using a full retrospective method of application. The adoption of ASU 2018-08 resulted in minor changes to the disclosure of revenue. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

Subsequent Events: The Association has performed an analysis of the activities and transactions subsequent to July 31, 2021 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended July 31, 2021. Management has performed their analysis through June 30, 2023, the date the financial statements were available to be issued.

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2021 and 2020

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**NOTE 2 – RESTATEMENT OF NET ASSETS**

During 2020, management determined there was an error in the prior classification of their net assets substantially due to inappropriately classifying earnings as donor restricted when the agreement with the donor did not restrict earnings. August 1, 2019, net assets were restated as follows:

	<u>Original</u> <u>August 1, 2019</u>	<u>Adjustment</u>	<u>Restated</u> <u>August 1, 2019</u>
Net assets without donor restriction	\$ 8,528,713	\$ 5,839,759	\$ 14,368,472
Net assets with donor restriction	19,552,508	(5,839,759)	13,712,749

**NOTE 3 - INVESTMENTS**

	<u>2021</u>	<u>2020</u>
Equity mutual funds	\$ 36,251,998	\$ 27,026,584
Fixed income mutual funds	4,041,667	2,495,700
Money markets	<u>1,363,090</u>	<u>1,500,000</u>
	<u>\$ 41,656,755</u>	<u>\$ 31,022,284</u>

Net investment returns on the statements of activities are comprised of the following for the years ended July 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 1,654,442	\$ 1,379,236
Realized gain (loss) on sale of investments	(1,330)	1,271
Unrealized gain on investments	8,627,129	669,164
Investment fees	<u>(25,061)</u>	<u>(17,774)</u>
	<u>\$ 10,255,180</u>	<u>\$ 2,031,897</u>

**NOTE 4 - NET ASSETS**

A summary of net assets with donor restrictions as of July 31, 2021 is as follows:

	<u>With Donor</u> <u>Restrictions</u>
Fellowships and scholarships	\$ 12,694,611
Student assistance	123,785
Petitioning society assistance	31,909
McDonald mentor award	90,314
Chapter endowment initiative	<u>5,734,241</u>
	<u>\$ 18,674,860</u>

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 July 31, 2021 and 2020

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**NOTE 4 - NET ASSETS** (Continued)

A summary of net assets with donor restriction as of July 31, 2020 is as follows:

	<u>With Donor Restrictions</u>
Fellowships and scholarships	\$ 10,101,513
Student assistance	168,781
Petitioning society assistance	23,997
McDonald mentor award	65,234
Chapter endowment initiative	<u>4,058,116</u>
	<u>\$ 14,417,641</u>

Net assets with donor restrictions include endowment fund contributions to be kept in perpetuity as well as investment return on endowment funds and contributions, which have not been awarded in fellowships, scholarships, awards, or student, staffing and programming assistance as of July 31, 2021 and 2020, respectively.

Expenses related to meeting the donor restrictions are presented as without donor restrictions expenses in the statement of activities, and net assets released are presented as satisfaction of donor restrictions. Net assets released from donor restrictions by awarding fellowships, scholarships, awards and student, staffing and programming assistance amounted to \$689,402 and \$798,224 during the years ended July 31, 2021 and 2020, respectively.

A summary of board-designated net assets as of July 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
The Bent life subscriptions	\$ 1,676,814	\$ 1,171,082
Future conventions	2,693,805	1,994,981
Program development	80,000	30,000
Engineering futures	250,000	200,000
GIG chapter project	47,500	45,000
Fellowships and scholarships	5,711,552	4,407,625
Student loans	247,001	190,238
Gift annuity	304,953	160,309
Chapter endowment initiative	1,098,089	822,549
Other program support	550,000	300,000
K-12 mindset program	<u>78,750</u>	<u>75,000</u>
	<u>\$ 12,738,464</u>	<u>\$ 9,396,784</u>

**NOTE 5 - PENSION PLAN**

The Association sponsors a defined contribution plan under Internal Revenue Code 403(B) covering substantially all of its employees to which the Association contributes monthly amounts based on the employee's current salary. The related pension expense amounted to \$31,286 and \$32,660 for the years ended July 31, 2021 and 2020, respectively.

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2021 and 2020

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**NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Association was identified in a trust agreement whereby the donor irrevocably transferred assets at fair value to a perpetual trust naming the Association as a beneficiary in the income earned on the trust assets. Contributions revenue was recognized in the period in which the trust was established to the extent of the estimated present value of the income to be earned during the life of the assets. Annual income received from the trust must be used to provide fellowships and scholarships to students. Based on a discount rate of 10%, the present value of future benefits expected to be received by the Association was estimated to be \$872,796 and \$882,004 at July 31, 2021 and 2020, respectively.

A summary of expected future collections from the trust agreement as of July 31, 2021 is as follows:

<u>Year ending July 31,</u>	
2022	\$ 83,304
2023	75,407
2024	68,259
2025	61,789
2026	55,932
Thereafter	<u>528,105</u>
	<u>\$ 872,796</u>

**NOTE 7 - CHARITABLE GIFT ANNUITY**

The Association entered into an agreement on August 31, 2007 in which it received assets from an individual and in turn is required to pay the donor's spouse \$13,137 annually during her lifetime. These assets are recognized at their fair value at the time of their receipt. The value of these assets received was \$177,257. The value of the annuity payable is the actuarial present value of the obligation based on terms of the annuity, including the donor's present age. As of July 31, 2021 and 2020, the present value of these payments was \$44,218 and \$46,768, respectively, using a discount rate of 6.2%.

The Association entered into an agreement on April 30, 2011 in which it received assets from an individual and in turn is required to pay the donor \$1,475 quarterly during his lifetime. These assets are recognized at their fair value at the time of their receipt. The value of these assets received was \$100,000. The value of the annuity payable is the actuarial present value of the obligation based on terms of the annuity, including the donor's present age. As of July 31, 2021 and 2020, the present value of these payments was \$39,725 and \$41,810, respectively, using a discount rate of 3.0%.

The Association entered into an agreement on October 30, 2018 in which it received assets from an individual and in turn is required to pay the donor \$1,775 quarterly during his lifetime. These assets are recognized at their fair value at the time of their receipt. The value of these assets received was \$100,000. The value of the annuity payable is the actuarial present value of the obligation based on terms of the annuity, including the donor's present age. As of July 31, 2021 and 2020, the present value of these payments was \$46,835 and \$49,250 using a discount rate of 3.4%.

The Association entered into an agreement on June 5, 2020 in which it received assets from an individual and in turn is required to pay the donor \$6,900 quarterly during his lifetime. These assets are recognized at their fair value at the time of their receipt. The value of these assets received was \$100,000. The value of the annuity payable is the actuarial present value of the obligation based on terms of the annuity, including the donor's present age. As of July 31, 2021 and 2020, the present value of these payments was \$52,929 and \$56,041 using a discount rate of 0.6%.

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(Continued)



THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2021 and 2020

**NOTE 8 - FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles requires the categorization of financial assets and liabilities, based on the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to the quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable inputs. The various levels of the fair value hierarchy are described as follows:

Level 1: Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the company has the ability to access.

Level 2: Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable substantially the full term of the asset or liability.

Level 3: Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

The fair values of mutual funds - equity, mutual funds - fixed income, and money markets are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs). The fair value of the Association's beneficial interest has been estimated based upon (level 3 input) the present value of future benefits expected to be received by the Association.

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis as of July 31, 2021 and 2020:

	Fair Value Measurements at July 31, 2021		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Mutual funds - equity	\$ 36,251,998	\$ -	\$ -
Mutual funds - fixed income	4,041,667	-	-
Money markets	1,363,090	-	-
Beneficial interest	<u>-</u>	<u>-</u>	<u>872,796</u>
	<u>\$ 41,656,755</u>	<u>\$ -</u>	<u>\$ 872,796</u>

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2021 and 2020

**NOTE 8 - FAIR VALUE MEASUREMENTS** (Continued)

	Fair Value Measurements at July 31, 2020		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Mutual funds - equity	\$ 27,026,584	\$ -	\$ -
Mutual funds - fixed income	2,495,700	-	-
Money markets	1,480,000	-	-
Beneficial interest	-	-	882,004
	<u>\$ 31,002,284</u>	<u>\$ -</u>	<u>\$ 882,004</u>

The table below presents a reconciliation of the asset measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the years ended July 31, 2021 and 2020.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Beneficial Interest
Balance, August 1, 2019	\$ 883,805
Total realized and unrealized gains or losses	(1,801)
Transfers in and/or out of Level 3	-
Ending balance, July 31, 2020	882,004
Total realized and unrealized gains or losses	(9,208)
Transfers in and/or out of Level 3	-
Ending balance, July 31, 2021	<u>\$ 872,796</u>

**NOTE 9 - ENDOWMENT**

The Association's endowment consists of approximately 31 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2021 and 2020

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**NOTE 9 - ENDOWMENT** (Continued)

The Board of Directors of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as net assets with donor restrictions to be retained in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restriction amounts not retained in perpetuity are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate with donor restrictions endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Endowment Net Asset Composition by Type of Fund as of July 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds	\$ <u>          -</u>	\$ <u>16,363,395</u>	\$ <u>16,363,695</u>

Endowment Net Asset Composition by Type of Fund as of July 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds	\$ <u>          -</u>	\$ <u>11,947,637</u>	\$ <u>11,947,637</u>

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2021 and 2020

**NOTE 9 - ENDOWMENT** (Continued)

Changes in Endowment Net Assets for the years ended July 31, 2021 and 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, August 1, 2019	\$ -	\$ 10,917,107	\$ 10,917,107
Investment return:			
Interest and dividends	-	492,220	492,220
Net gain (loss) on investments	-	<u>255,276</u>	<u>255,276</u>
Total investment return	-	747,496	747,496
Contributions and bequests	-	703,689	703,689
Transfers	-	(106,400)	(106,400)
Appropriation of endowment assets for expenditure	-	<u>(314,255)</u>	<u>(314,255)</u>
Endowment net assets, July 31, 2020	-	11,947,637	11,947,637
Investment return:			
Interest and dividends	-	605,279	605,279
Net gain (loss) on investments	-	<u>3,205,822</u>	<u>3,205,822</u>
Total investment return	-	3,811,101	3,811,101
Contributions and bequests	-	1,047,097	1,047,097
Transfers	-	(8,897)	(8,897)
Appropriation of endowment assets for expenditure	-	<u>(433,243)</u>	<u>(433,243)</u>
Endowment net assets, July 31, 2021	<u>\$ -</u>	<u>\$ 16,363,695</u>	<u>\$ 16,363,695</u>

Return Objectives and Risk Parameters: The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term results that provide intergenerational equity and exceeds returns of readily available benchmarks in a combination of widely diversified securities while assuming a moderate level of risk.

(Continued)

**NOTE 9 - ENDOWMENT** (Continued)

Strategies Employed for Achieving Objectives: The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to the community and to develop a new and significant source of revenue for the Association. In doing so, the Endowment Fund will provide a secure, long-term source of funds to: (i) stabilize the Association funding during periods of below normal annual campaigns; (ii) ensure long-term growth; (iii) enhance its ability to meet changing community needs in both the short and long-term; and, (iv) support the administrative expenses of the Association as deemed appropriate.

Spending Guideline and How the Investment Objectives Relate to Spending Guideline: Distributions from the endowment or other investments are according to a spending guideline calculated as 5% of the 48 month rolling averaged market value of the investment portfolio. The Association Board of Directors reserves the right to amend or change this spending guideline at any time, including the ability to elect to take no distribution in any given year.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Association to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, there were no deficiencies of this nature that are reported in net assets with donor restrictions for July 31, 2021 and 2020. Deficiencies can result from unfavorable market fluctuations that occurred shortly after the investment of new contributions with donor restrictions in perpetuity and continued appropriation for certain programs that were deemed prudent by the Board of Directors.

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2021 and 2020

**NOTE 10 - ASSOCIATION EXPENSES BY NATURE**

The statements of activities report certain categories of expenses attributable to the programs and supporting functions of the Association. Program Activities include award programs, chapter and member programs, convention, publications, fellowships and scholarships, administrative support, and fundraising. The table below presents these functional expenses by their natural classification for the years ended July 31, 2021 and 2020, respectively.

	2021									
	Program Activities					Supporting Activities				Total Association Expenses
	Awards Programs	Chapter and Member Programs	Convention	Publications	Fellowships and Scholarships	Total Program Activities	Administrative Support	Fundraising	Total Supporting Activities	
Salaries and wages	\$ 23,343	\$ 436,353	\$ 73,517	\$ 169,016	\$ 67,144	\$ 769,373	\$ 153,651	\$ 114,433	\$ 268,084	\$ 1,037,457
Sales, services, and supplies	23,710	322,057	30,509	53,075	12,459	441,810	69,585	39,547	109,132	550,942
Travel and meetings	2	1,812	8	13	5	1,840	4,015	4	4,019	5,859
Printing and shipping	655	48,163	3,853	178,562	1,546	232,779	9,812	111,367	121,179	353,958
Grants to others	-	139,085	-	-	781,450	920,535	-	-	-	920,535
Total grants and expenses	<u>\$ 47,710</u>	<u>\$ 947,470</u>	<u>\$ 107,887</u>	<u>\$ 400,666</u>	<u>\$ 862,604</u>	<u>\$ 2,366,337</u>	<u>\$ 237,063</u>	<u>\$ 265,351</u>	<u>\$ 502,414</u>	<u>\$ 2,868,751</u>

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2021 and 2020

**NOTE 10 - ASSOCIATION EXPENSES BY NATURE (Continued)**

	2020									
	Program Activities					Supporting Activities				Total Association Expenses
	Awards Programs	Chapter and Member Programs	Convention	Publications	Fellowships and Scholarships	Total Program Activities	Administrative Support	Fundraising	Total Supporting Activities	
Salaries and wages	\$ 22,461	\$ 355,299	\$ 142,936	\$ 161,314	\$ 67,384	\$ 749,394	\$ 169,481	\$ 102,098	\$ 271,579	\$ 1,020,973
Sales, services and Supplies	13,339	285,147	24,121	42,990	10,366	375,963	67,543	28,546	96,089	472,052
Travel and meetings	7,657	140,983	348,848	-	-	497,488	65,533	-	65,533	563,021
Printing and shipping	-	26,615	10,419	165,830	-	202,864	6,356	117,641	123,997	326,861
Grants to others	-	10,347	-	-	856,450	866,797	-	-	-	866,797
Total grants and expenses	<u>\$ 43,457</u>	<u>\$ 818,390</u>	<u>\$ 526,324</u>	<u>\$ 370,134</u>	<u>\$ 934,200</u>	<u>\$ 2,692,506</u>	<u>\$ 308,913</u>	<u>\$ 248,285</u>	<u>\$ 557,198</u>	<u>\$ 3,249,704</u>

The allocations of certain categories of expenses attributable to more than one program or supporting function are described in Note 1.

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2021 and 2020

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**NOTE 11 - LIQUIDITY AND AVAILABILITY**

The Association's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 519,186	\$ 629,022
Pledges expected to be received within one year	103,221	116,681
Chapter receivables	14,404	53,201
Distributions from beneficial interest in assets held by others	83,304	84,182
Endowment spendable return	<u>600,000</u>	<u>600,000</u>
 Grand Total	 <u>\$ 1,320,115</u>	 <u>\$ 1,483,086</u>

The Association's goal is generally to maintain a reserve of 60 days of operating expenses in its net working capital with a minimum of thirty business day's cash (approximately \$300,000) in depository and various other checking accounts. As part of its liquidity plan, cash in excess of 90 days of operating expenses is invested in short-term money market investments.

To help manage unanticipated liquidity needs, the Association has a money market account within its investments which can provide two and half to four months (\$750,000 to \$1,200,000) to draw upon. In addition, the Association has net assets without donor restriction of \$22,291,691 and \$15,999,688 as of July 31, 2021 and 2020, respectively. Although the Association does not intend to spend from the board-designated funds (other than amounts appropriated for general expenditures as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

**NOTE 12 – PAYCHECK PROTECTION PROGRAM**

In April 2020, the Association obtained Paycheck Protection Program (PPP) funding under a program offered by the United States Small Business Administration (SBA) in the amount of \$185,700. As of July 31, 2020, the Association accounted for the PPP funding as a conditional contribution under ASC 958-605. The proceeds are recorded as a grant advance liability on the statement of financial position at July 31, 2020. In order to obtain loan forgiveness from the SBA, the Association must spend the PPP proceeds on allowable expenses and maintain certain required levels of employee retention over a 24-week period. The Association met the necessary conditions, and the loan was forgiven during the year ending July 31, 2021. The forgiveness was treated as unrestricted revenue during July 31, 2021.

In February 2021, the Association obtained a second Paycheck Protection Program (PPP) loan in the amount of \$189,380. This is still outstanding as of July 31, 2021. Forgiveness was obtained subsequent to July 31, 2021.



**SUPPLEMENTARY INFORMATION**

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 1 - ANALYSIS OF FELLOWSHIP PROGRAM  
Year ended July 31, 2021

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**FIFE FELLOWSHIPS/SCHOLARSHIPS**

Balance July 31, 2020	\$ 63,431
Less:	
Fellowship Stipends paid in 2020-21	50,000
Tau Beta Pi-James Fife Fellow No. 225 (deferral from 2019—2020)	5,000
Scholarship stipends paid in 2020-21	<u>-</u>
	8,431
Received during 2019-20 from William Fife Trust No. 1	<u>26,443</u>
Balance available for distribution on July 31, 2021	34,874
Fellowships to be paid during 2021-22:	
Tau Beta Pii-James Fife Fellows No. 231-233	<u>30,000</u>
Held for scholarships to be paid during 2021-22	<u>\$ 4,874</u>

**REGULAR FELLOWSHIPS**

Balance July 31, 2020	\$ 250,000
Less: Stipends paid in 2020-2021	<u>(250,000)</u>
Balance on July 31, 2021	-
Allocated from alumnus contributions and matching gifts and fellowship fund earnings for 2021-2022 awards	
Fellowship deferral to be paid in 2022-23(Tau Beta Pi-Sigma Tau Fellow No. 47)	230,000
Fellowship deferrals to be paid 2021-22	<u>10,000</u>
	-
Balance July 31, 2021	<u>\$ 240,000</u>

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 1 - ANALYSIS OF FELLOWSHIP PROGRAM  
Year ended July 31, 2021

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Schedule 1 (Continued)

Fellowships to be paid during 2021-22:

TBP-Anderson Fellow No. 17	\$ 10,000
TBP-Anderson Fellow No. 18	10,000
TBP-Centennial Fellow No. 36	10,000
TBP-Dodson Fellow No. 8	10,000
TBP-Forge Fellow No. 9	10,000
TBP-GEIO Fellow No. 6	10,000
TBP-Hennis Fellow No. 2	10,000
TBP-King Fellow No. 60	10,000
TBP-Matthews Fellow No. 24	10,000
TBP-Nagel Fellow No. 24	10,000
TBP-Record Fellow No. 29	10,000
TBP-Record Fellow No.30	10,000
TBP-Record Fellow No.31	10,000
TBP-Record Fellow No.32	10,000
TBP-Sigma Tau Fellow No. 47 (defer)	10,000
TBP-Spenser Fellow No. 66	10,000
TBP-Stark Fellow No. 42	10,000
TBP-Swalin Fellow No. 5	10,000
TBP-Tau Beta Pi Fellow No. 831	10,000
TBP-Tau Beta Pi Fellow No. 832	10,000
TBP-Tau Beta Pi Fellow No. 833	10,000
TBP-Tau Beta Pi Fellow No. 834	10,000
TBP-Williams Fellow No. 42	10,000
TBP-Zimmerman Fellow No. 10	<u>10,000</u>
	<u>\$ 240,000</u>

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See accompanying independent auditor's report.

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 2 - COLLEGIATE CHAPTER ACCOUNTS RECEIVABLE  
July 31, 2021

<u>Chapter</u>	<u>Debit</u>	<u>Credit</u>	<u>Notes</u>	<u>Chapter</u>	<u>Debit</u>	<u>Credit</u>	<u>Notes</u>
AK Alpha	\$ 37	\$ -		DC Alpha	\$ 149	\$ -	
AL Beta	-	(1,243)		DC Beta	12	-	
AL Delta	1,696	-		DC Gamma	17	-	
AL Epsilon	23	-		DE Alpha	178	-	
AL Gamma	202	-		FL Alpha	568	-	2, 4, 5
AR Alpha	-	(1,779)		FL Beta	669	-	2, 4, 5
AR Beta	1,122	-	4	FL Delta	41	-	
AZ Alpha	1,027	-	4	FL Epsilon	-	(862)	
AZ Beta	-	(1,294)		FL Eta	-	(476)	
AZ Gamma	126	-		FL Gamma	-	(69)	
CA Alpha	4,329	-	1	FL Iota	-	(1,636)	
CA Alpha Alpha	37	-		FL Theta	33	-	
CA Alpha Delta	-	(84)		FL Zeta	-	(223)	
CA Alpha Epsilon	-	(618)		GA Alpha	51	-	
CA Alpha Gamma	3,948	-	3, 4	IA Alpha	20	-	
CA Beta	-	(656)		IA Beta	-	(175)	
CA CHI	89	-		ID Beta	-	(27)	
CA Delta	17	-		ID Gamma	359	-	
CA Epsilon	1,492	-	1	IL Alpha	-	(375)	
CA Eta	-	(1,078)		IL Beta	3,725	-	5
ID Beta	-	-		IL Delta	-	(198)	
CA Gamma	1,249	-	2, 4	IL Epsilon	27	-	
CA Iota	207	-		IL Zeta	504	-	3, 4
CA Kappa	126	-		IN Alpha	-	(138)	
CA Lambda	1,230	-	5	IN Beta	229	-	
CA Mu	4,172	-	3, 4	IN Delta	15	-	
CA Nu	-	(1,033)		IN Epsilon	18	-	
CA Omega	15	-		IN Gamma	557	-	1
CA Omicron	32	-		IN Zeta	421	-	
CA Phi	79	-		KS Alpha	1,907	-	4
CA Rho	-	(92)		KS Beta	-	(337)	
CA Sigma	181	-		KS Gamma	14	-	
CA Tau	-	(1,557)		KY Alpha	1,155	-	4
CA Theta	2,495	-	1	KY Beta	11	-	
CA Upsilon	-	(3,979)		LA Alpha	54	-	
CA Xi	4,563	-	1, 2, 4	LA Epsilon	37	-	
CA Zeta	-	(445)		LA Gamma	-	(793)	
CO Alpha	-	(789)		MA Alpha	19	-	
CO Beta	-	(826)		MA Delta	-	(1,373)	
CO Delta	-	(435)		MA Eta	-	(675)	
CO Epsilon	-	(260)		MA Iota	102	-	
CO Gamma	111	-		MA Theta	-	(4)	
CO Zeta	29	-		MA Zeta	17	-	
CT Alpha	24	-		MD Alpha	-	(285)	
CT Beta	83	-		MD Beta	62	-	
CT Gamma	-	(63)					

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 2 - COLLEGIATE CHAPTER ACCOUNTS RECEIVABLE  
July 31, 2021

<u>Chapter</u>	<u>Debit</u>	<u>Credit</u>	<u>Notes</u>	<u>Chapter</u>	<u>Debit</u>	<u>Credit</u>	<u>Notes</u>
MD Delta	\$ -	\$ (580)		NY Mu	\$ 2,331	\$ -	3, 4
MD Epsilon	-	(223)		NY NU	1,118	-	1
MD Gamma	66	-		NY Omicron	-	(223)	
ME Alpha	182	-		NY Pi	-	(925)	
MI Alpha	26	-		NY Rho	-	(646)	
MI Delta	27	-	1, 3	NY Tau	-	(536)	
MI Epsilon	-	(714)		NY Theta	-	(405)	
MI Eta	251	-		NY Upsilon	-	(200)	
MI Gamma	58	-		NY XI	-	(1,682)	
MI Iota	40	-		OH Alpha	-	(1,095)	
MI Lambda	-	(193)		OH Delta	-	(164)	
MI Theta	-	(132)		OH Epsilon	-	(277)	
MI Zeta	-	(954)		OH Eta	-	(1,282)	
MN Alpha	71	-		OH Gamma	242	-	
MO Alpha	36	-		OH Kappa	-	(48)	
MO Beta	21	-		OH Lambda	46	-	
MO Delta	93	-		OH Theta	-	(860)	
MO Epsilon	41	-		OH Xi	-	(591)	
MO Gamma	-	(153)		OH Zeta	-	(118)	
MS Alpha	2,405	-	5	OK Alpha	-	(250)	
MT Beta	599	-	1	OK Beta	23	-	
NC Alpha	-	(285)		OK Gamma	-	(560)	
NC Delta	-	(816)		OR Alpha	-	(606)	
NC Epsilon	161	-		OR Beta	34	-	
NC Gamma	3,214	-	1, 3	OR Delta	-	(682)	
NC Zeta	151	-		PA Alpha	1,250	-	2, 4, 5
ND Alpha	-	(500)		PA Beta	-	(1,834)	
NE Alpha	257	-		PA Delta	2,315	-	4
NH Alpha	-	(1,267)		PA Epsilon	730	-	2
NH Beta	23	-		PA Gamma	-	(392)	
NJ Alpha	13	-		PA Kappa	62	-	
NJ Beta	44	-		PA Lambda	859	-	1
NJ Delta	-	(14)		PA Mu	21	-	
NJ Epsilon	1,135	-	2	PA Theta	-	(244)	
NJ Zeta	238	-		PA Zeta	-	(1,065)	
NM Alpha	55	-		PR Alpha	36	-	
NM Beta	361	-		SC Beta	1,316	-	1
NV Alpha	64	-		SC Gamma	40	-	
NV Alpha	45	-		SD Beta	24	-	
NY Alpha	-	(1,209)		TN Alpha	891	-	1
NY Beta	49	-		TN Beta	17	-	
NY Delta	-	(3,818)		TN Delta	-	(55)	
NY Eta	78	-		TN Gamma	757	-	1
NY Gamma	-	(2,400)		TN Zeta	11	-	
NY Iota	29	-		TX Alpha	1,771	-	5
TX Bet	1,027	-	1,5	Alumni Chapters	-	(128)	

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
 SCHEDULE 2 - COLLEGIATE CHAPTER ACCOUNTS RECEIVABLE  
 July 31, 2021

<u>Chapter</u>	<u>Debit</u>	<u>Credit</u>	<u>Notes</u>	<u>Chapter</u>	<u>Debit</u>	<u>Credit</u>	<u>Notes</u>
TX Delta	\$ 3,284	\$ -	4				
TX Epsilon	54	-					
TX ETA	-	(46)					
TX Gamma	47	-					
TX Iota	-	(1,024)					
TX Kappa	1,949	-	4				
TX Lambda	49	-					
TX Mu	350	-					
TX Nu	-	(700)					
TX Theta	457	-					
TX XI	17	-					
TX Zeta	-	(323)					
UT Beta	15	-					
UT Gamma	13	-					
VA Alpha	66	-					
VA Beta	11	-					
VA Epsilon	18	-					
VT Alpha	26	-					
VT Beta	-	(144)					
WA Alpha	-	(868)					
WA Beta	-	(747)					
WA Delta	813	-	1				
WA Gamma	28	-					
WI Alpha	26	-					
WI Delta	-	(1,332)					
WI Epsilon	1,196	-	4, 5				
WI Gamma	-	(155)					
WV Alpha	-	(1,230)					
WV Beta	164	-					
WY Alpha	<u>28</u>	<u>-</u>					
Totals	<u>\$ 72,979</u>	<u>\$ (58,584)</u>					

Significant debit balances of chapter accounts are explained as follows:

- Note (1) Chapter reported its Spring 2021 initiation late and/or failed to pay initiation fees.
- Note (2) Charge for Graduation Stoles/Honor Cords/Bent Castings/Bent Monument/Insignia Items
- Note (3) Poor financial management/no or minimal payments made during fiscal year
- Note (4) Chapter failed to pay Fall 2020 and/or Spring 2021 initiation fees
- Note (5) Paid a substantial amount or in full after close of fiscal year

See accompanying independent auditor's report.

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 3 - ANALYSIS OF CONVENTION REVENUE AND EXPENSES  
Year ended July 31, 2021

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**Revenue**

Convention assessments for 2020-21 collegiate chapter initiates	\$ -
Ticket sales and billed airfares	-
Corporate and other gifts	41,250
Convention Fund dividends	107,714
Market gains, realized & unrealized	<u>551,612</u>
	<u>700,576</u>

**Expenses**

Collegiate chapter	
Voting delegates	-
Non-voting delegates	-
Advisors	-
Alumni chapter	
Voting delegates	-
Association officials	-
Award recipients	-
Headquarters and consultants	-
Visitors, guests, and other reimbursed expenses	-
Other program expenses	15,893
Trustee fee	1,613
Allocated share of national headquarters	<u>91,994</u>
	<u>109,500</u>

Excess of expenses over revenue \$ 591,076

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See accompanying independent auditor's report.

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 4 – INVESTMENT ANALYSIS AND ASSETS HELD BY TRUSTEE  
Year ended July 31, 2021

Investments held by PNC Bank and Vanguard (Tau Beta Pi Trust)

Balance on July 31, 2020	
Balance at Vanguard	\$ 4,397
Balance at PNC Bank	<u>31,009,230</u>
	31,013,627
 Additions	
Dividends earned on investments	1,627,828
Net gain (loss) on investments	<u>8,623,055</u>
	10,250,883
 Capital Gifts (donations directly to trust)	
J. Arnold (General)	13,191
K. Knox (General)	1,078
K. Elovitz (Scholarships)	40,919
K. Abrams (General)	88
D. Forslund (Chapter Endowment)	<u>75,228</u>
	<u>130,504</u>
 Donations held at the Office of the Executive Director	
L. Brandt (Fellowships)	75,000
P. Kitchens (Scholarships)	6,500
D. White (District Program)	20,000
T. Luchini (EF Program)	50,000
N. Scheffler (Fellowships)	48,247
L. Hennis (Fellowships)	100,000
E. Styles (EF Program)	250
R. Styles (District Program)	250
D. Clair (EF Program)	1,000
T. Parrish Estate (General)	5,000
E. Hanley Estate (Fellowships)	28,921
Chapter Endowments (30 donations + 13 pledge payments)	567,752
GEICO contributions for FY22 (Scholarship, Fellowship)	12,000
Unrestricted annual gifts	<u>145,080</u>
	<u>1,060,000</u>
 Funds held at the Office of the Executive Director	
SAP donations	2,000
SAP donations	10,450
Scholarships – Rudasill #240926	6,000
Scholarships – Zimmerman #330560	4,000
GEICO contributions (convention, scholarship, fellowship)	<u>37,000</u>
	<u>59,450</u>
Total additions	<u>11,500,837</u>
 Deductions	
Net transfer to Office of Executive Director	844,450
Trustee fees	<u>25,061</u>
Total deductions	<u>869,511</u>
 Balance on July 31, 2021	 <u>\$ 41,644,953</u>

(Continued)



THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 4 – INVESTMENT ANALYSIS AND ASSETS HELD BY TRUSTEE  
Year ended July 31, 2021

<u>Investments held by Fidelity Investments</u>		
Balance on July 31, 2020		\$ 4,408
Additions		
Dividends earned on investments		76
Net gain (loss) on investments		1,530
Total additions		<u>1,606</u>
Withdrawals		<u>-</u>
Balance on July 31, 2021		<u>\$ 6,014</u>

<u>Investments held by T. Rowe Price</u>		
Balance on July 31, 2020		\$ 4,249
Additions		
Dividends earned on investments		94
Net gain on investments		1,445
Deposits		-
Total additions		<u>1,539</u>
Withdrawals		<u>-</u>
Balance on July 31, 2021		<u>\$ 5,788</u>

<u>Total Tau Beta Pi Investments as of July 31, 2021</u>		
Balance on July 31, 2020		\$ 31,022,284
Additions		11,503,982
Deductions		<u>869,511</u>
Balance on July 31, 2021		<u>\$ 41,656,755</u>

Assets Held by Vanguard as of July 31, 2021

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
187,201	Vanguard Core Bond Fund Admiral	\$ 4,041,666
47,565	Vanguard Core Bond Fund Admiral	4,363,129
16,106	Vanguard Equity Income Fund Admiral	2,197,767
43,268	Vanguard Explorer Fund Admiral	7,261,635
165,971	Vanguard International Growth Fund Admiral	7,262,887
313,636	Vanguard PRIEMCAP Core Fund	10,889,452
22,190	Vanguard U.S. Growth Fund Admiral Shares	4,265,327
1,363,090	Vanguard Federal Money Market Fund	<u>1,363,090</u>
	Total Vanguard Investments	<u>\$ 41,644,953</u>

Assets Held by Fidelity as of July 31, 2021

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
39	Fidelity 500 Index Fund (FXAIX)	\$ 6,012
1	Fidelity Cash (SPAXX)	<u>1</u>
	Total Fidelity Investments	<u>\$ 6,013</u>

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 4 – INVESTMENT ANALYSIS AND ASSETS HELD BY TRUSTEE  
Year ended July 31, 2021

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Assets Held by T. Rowe Price as of July 31, 2021

		<u>Balance</u>
Shares	Mutual Fund	
50	T. Rowe Equity Index 500 (PREIX)	\$ 5,788
	Total T. Rowe Price Investments	<u>\$ 5,788</u>
Total Tau Beta Pi Investments as of July 31, 2021		<u>\$ 41,656,755</u>

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See accompanying independent auditor's report.