

**The Tau Beta Pi Association, Inc**  
**Financial Statements and Supplementary Information**  
**July 31, 2022 and 2021**  
**(With Independent Auditors' Report Thereon)**



# THE TAU BETA PI ASSOCIATION, INC

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors of  
The Tau Beta Pi Association, Inc:

### ***Opinion***

We have audited the accompanying financial statements of The Tau Beta Pi Association, Inc, which comprise the statement of financial position as of July 31, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tau Beta Pi Association, Inc as of July 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Prior Period Financial Statements***

The financial statements of The Tau Beta Pi Association, Inc as of and for the year ended July 31, 2021, were audited by other auditors whose report dated June 30, 2023, expressed an unmodified opinion on those statements.

### ***Responsibilities of Management for the Financial Statements***

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

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

## *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Tau Beta Pi Association, Inc'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Tau Beta Pi Association, Inc's ability to continue as a going concern for a reasonable period of time.

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

### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the 2022 financial statements as a whole. The 2022 supplementary schedules are presented for purposes of additional analysis and are not a required part of the 2022 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 2022 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 financial statements or to the 2022 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 2022 financial statements as a whole.

*LBMC, PC*

Knoxville, Tennessee  
July 8, 2024

THE TAU BETA PI ASSOCIATION, INC

Statements of Financial Position

July 31, 2022 and 2021

Assets

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 600,118	\$ 519,186
Investments	467,062	10,243,431
Accounts receivable		
Chapters	-	14,404
Student loans	15,578	15,578
Pledges expected to be received within one year, net	70,000	103,221
The Bent life subscription installments	3,252	3,652
Trust contribution	274,736	195,000
Other	<u>11,250</u>	<u>7,995</u>
Total receivables	374,816	339,850
Inventory	67,565	49,588
Beneficial interest in assets held by others, current portion	-	83,304
Prepaid expenses	<u>83,382</u>	<u>74,664</u>
Total current assets	<u>1,592,943</u>	<u>11,310,023</u>
Pledges expected to be received after one year, net	162,094	154,485
Property and equipment, net	85,726	73,143
Investments Board Designated and Endowment	35,232,985	31,413,324
Beneficial interest in assets held by others, net of current portion	<u>1,492,089</u>	<u>789,492</u>
Total assets	<u>\$ 38,565,837</u>	<u>\$ 43,740,467</u>

See accompanying notes to the financial statements.

THE TAU BETA PI ASSOCIATION, INC

Statements of Financial Position

July 31, 2022 and 2021

Liabilities and Net Assets

	<u>2022</u>	<u>2021</u>
<b>Current liabilities:</b>		
Accounts payable		
Chapters	\$ 80,424	\$ 47,739
Laureate awards	6,000	14,000
Fellowship and scholarship stipends	826,800	784,300
Other	<u>45,097</u>	<u>56,606</u>
Total accounts payable	958,321	902,645
Accrued expenses	90,709	70,048
Annuity payable, current portion	33,037	33,037
Payroll protecting program (PPP) loan	-	189,380
Deferred convention revenue	313,255	192,060
Deferred The Bent subscription revenue, current portion	<u>85,449</u>	<u>85,772</u>
Total current liabilities	1,480,771	1,472,942
Deferred The Bent subscription revenue, net of the current portion	118,674	117,948
The Bent life subscriptions	1,017,081	1,032,356
Annuity payable, non-current portion	<u>140,934</u>	<u>150,670</u>
Total liabilities	<u>2,757,460</u>	<u>2,773,916</u>
<b>Net assets:</b>		
Without donor restrictions:		
Undesignated	575,392	9,553,227
Board-designated	18,131,710	12,738,464
With donor restrictions	<u>17,101,275</u>	<u>18,674,860</u>
Total net assets	<u>35,808,377</u>	<u>40,966,551</u>
Total liabilities and net assets	<u>\$ 38,565,837</u>	<u>\$ 43,740,467</u>

See accompanying notes to the financial statements.

**THE TAU BETA PI ASSOCIATION, INC**

**Statements of Activities**

**Year ended July 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and gain on investments:</b>			
Initiation and chapter fees and fines	\$ 245,621	\$ -	\$ 245,621
Chapter and individual sales	151,033	-	151,033
Contributions and bequests	1,803,035	671,271	2,474,306
Annual convention	16,700	-	16,700
The Bent publication	95,745	-	95,745
Net life subscription fee transfer	19,620	-	19,620
Miscellaneous	33,054	-	33,054
Interest and dividends	1,878,813	1,275,544	3,154,357
Net loss on investments	(5,359,309)	(2,881,130)	(8,240,439)
Loss on beneficial interest in assets held by others	-	23,398	23,398
Net assets released from restrictions	<u>662,668</u>	<u>(662,668)</u>	<u>-</u>
Total revenues and gains on investments	<u>(453,020)</u>	<u>(1,573,585)</u>	<u>(2,026,605)</u>
<b>Expenses:</b>			
Program services			
Chapter supplies and operations	477,445	-	477,445
Cost of chapter and individual sales	169,758	-	169,758
Annual convention	241,594	-	241,594
District program	133,063	-	133,063
Engineering futures program	31,595	-	31,595
Greater interest in government program	4,366	-	4,366
BULLETIN publication	43,035	-	43,035
Student assistance program	22,352	-	22,352
Laureate program	5,076	-	5,076
Advisor program	26,060	-	26,060
The Bent publication	400,203	-	400,203
Fellowship and scholarship program	889,238	-	889,238
Alumnus program	102,193	-	102,193
Alumnus recognition program	5,296	-	5,296
K-12 mindset program	19,063	-	19,063
Student loan program	<u>5,650</u>	<u>-</u>	<u>5,650</u>
Total program services	2,575,987	-	2,575,987
Supported services			
General and administrative	304,440	-	304,440
Alumni giving program	<u>251,142</u>	<u>-</u>	<u>251,142</u>
Total supported services	<u>555,582</u>	<u>-</u>	<u>555,582</u>
Total expenses	<u>3,131,569</u>	<u>-</u>	<u>3,131,569</u>
Change in net assets	(3,584,589)	(1,573,585)	(5,158,174)
Net assets at beginning of year	<u>22,291,691</u>	<u>18,674,860</u>	<u>40,966,551</u>
Net assets at end of year	\$ <u>18,707,102</u>	\$ <u>17,101,275</u>	\$ <u>35,808,377</u>

See accompanying notes to the financial statements.

THE TAU BETA PI ASSOCIATION, INC

Statements of Activities

Year ended July 31, 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 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	<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>
Supported services			
General and administrative	237,063	-	237,063
Alumni giving program	<u>265,351</u>	<u>-</u>	<u>265,351</u>
Total Supported 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>
Change in net assets	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>
Net assets at end of year	<u>\$ 22,291,691</u>	<u>\$ 18,674,860</u>	<u>\$ 40,966,551</u>

See accompanying notes to the financial statements.



**THE TAU BETA PI ASSOCIATION, INC**

**Statements of Cash Flows**

**Years ended July 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ <u>(5,158,174)</u>	\$ <u>10,549,222</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net life subscription fee transfer	(15,275)	(25,447)
Net loss (gain) on investments	8,188,332	(8,600,738)
Net loss on disposal of equipment	-	687
Gain on forgiveness of PPP loan	(189,380)	(185,700)
Depreciation	9,348	9,348
Annuity expense	33,037	33,037
Change in value of beneficial interest in assets held by others	(619,293)	9,208
Contributions with donor restrictions received	(671,271)	(1,076,018)
 Change in operating assets and liabilities:		
Accounts receivable	(42,575)	(36,075)
Inventory	(17,977)	42,723
Prepaid expenses	(8,718)	(12,938)
Accounts payable	55,676	(64,897)
Accrued expenses	20,661	161
Deferred convention revenue	121,195	95,090
Deferred The Bent subscription revenue	403	4,494
The Bent life subscriptions	-	4,378
Annuities payable	<u>(9,736)</u>	<u>(10,162)</u>
Net cash provided by operating activities	<u>1,696,253</u>	<u>736,373</u>
 Cash flows from investing activities:		
Proceeds from sale of investments	(3,481,726)	86,919,195
Payments for purchase of investments	654,207	(88,952,928)
Payments of the purchase of equipment	<u>(21,931)</u>	<u>(44,837)</u>
Net cash used by investing activities	<u>(2,849,450)</u>	<u>(2,078,570)</u>
 Cash flows for financing activities:		
Payments on annuity payable	(33,037)	(33,037)
Proceeds from PPP loan	-	189,380
Proceeds from contributions with donor restrictions received	<u>671,271</u>	<u>1,076,018</u>
Net cash provided by financing activities	<u>638,234</u>	<u>1,232,361</u>
 Increase (decrease) in cash and cash equivalents	(514,963)	(109,836)
 Cash and cash equivalents at beginning of year	<u>519,186</u>	<u>629,022</u>
Cash and cash equivalents at end of year	\$ <u><u>4,223</u></u>	\$ <u><u>519,186</u></u>

See accompanying notes to the financial statements.

THE TAU BETA PI ASSOCIATION, INC

Statement of Functional Expenses for

Year ended July 31, 2022

	Program Services					Supporting Services				
	<u>Award Programs</u>	<u>Chapter and Member Programs</u>	<u>Convention</u>	<u>Publications</u>	<u>Fellowships and Scholarships</u>	<u>Total Program Activities</u>	<u>Administrative Support</u>	<u>Fundraising</u>	<u>Total Supporting Activities</u>	<u>Total Association Expenses</u>
Salaries and wages	\$ 11,332	\$ 490,704	\$ 80,315	\$ 184,686	\$ 73,334	\$ 840,371	\$ 178,821	\$ 114,005	\$ 292,826	\$ 1,133,197
Sales, services, and supplies	5,530	300,977	18,391	46,340	10,762	382,000	90,763	12,643	103,406	485,406
Travel and meetings	-	123,320	140,424	-	-	263,744	33,305	33,730	67,035	330,779
Printing and shipping	202	43,482	2,464	212,212	1,142	259,502	1,551	90,764	92,315	351,817
Grants to others	-	26,370	-	-	804,000	830,370	-	-	-	830,370
	<u>\$ 17,064</u>	<u>\$ 984,853</u>	<u>\$ 241,594</u>	<u>\$ 443,238</u>	<u>\$ 889,238</u>	<u>\$ 2,575,987</u>	<u>\$ 304,440</u>	<u>\$ 251,142</u>	<u>\$ 555,582</u>	<u>\$ 3,131,569</u>

See accompanying notes to the financial statements.

THE TAU BETA PI ASSOCIATION, INC

Statement of Functional Expenses for

Year ended July 31, 2021

	<u>Program Services</u>					<u>Supporting Services</u>				
	<u>Award Programs</u>	<u>Chapter and Member Programs</u>	<u>Convention</u>	<u>Publications</u>	<u>Fellowships and Scholarships</u>	<u>Total Program Activities</u>	<u>Administrative Support</u>	<u>Fundraising</u>	<u>Total Supporting Activities</u>	<u>Total Association Expenses</u>
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
	<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>

See accompanying notes to the financial statements.

# THE TAU BETA PI ASSOCIATION, INC

## Notes to the Financial Statements

July 31, 2022 and 2021

(1) Nature of operations

The Tau Beta Pi Association, Inc (the "Association"), a national engineering honor society, was founded at Leigh 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.

(2) Summary of significant accounting policies

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 ("GAAP").

(a) Basis of presentation

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, the Association's basic financial statements consist of a statement of financial position, a statement of activities, a statement of cash flows, and a statement of functional expenses. 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, 2022 are due within five years.

# THE TAU BETA PI ASSOCIATION, INC

## Notes to the Financial Statements

July 31, 2022 and 2021

(b) Use of estimates

The preparation of financial statements in conformity with GAAP 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.

(c) 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.

(d) Inventory

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

(e) 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.

(f) Beneficial interests in a trust

The Association is the beneficiary of a trust agreement. The assets of the trust are not in the possession of the Association and are held by others. The Association has legally enforceable rights and claims to such assets, including the right to income related to assets held in the trust. Income from the trust is restricted to provide fellowships and scholarships to students. Net realized and unrealized gains (losses) related to the trust are reported as changes in net assets with donor restrictions.

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2022 and 2021

(g) Property and equipment

Property 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, 2022 and 2021 amounted to \$9,348.

(h) 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 as well as sponsorships 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.

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.

A summary of deferred revenue activity is as follows:

<u>Balance at August 1, 2021</u>	<u>Revenue Recognized in 2022</u>	<u>Cash Received in Advance of Performance</u>	<u>Balance at July 31, 2022</u>
\$ 1,428,136	\$ (132,065)	\$ 238,388	\$ 1,534,459

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2022 and 2021

<u>Balance at August 1, 2020</u>	<u>Revenue Recognized in 2021</u>	<u>Cash Received in Advance of Performance</u>	<u>Balance at July 31, 2021</u>
\$ 1,349,621	\$ (169,328)	\$ 247,843	\$ 1,428,136

(i) 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.

(j) 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 \$33,009 and \$32,699 for the years ending July 31, 2022 and 2021, respectively. The rental agreement is informal and has an indefinite term.

(k) 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, 2022 or 2021.

(l) 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.

# THE TAU BETA PI ASSOCIATION, INC

## Notes to the Financial Statements

July 31, 2022 and 2021

(m) Credit risk and other concentrations

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.

(n) 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.

(o) Reclassifications

Effective July 31, 2022, the Association changed its accounting policy to present investments not subject to donor restrictions or board designations that are available to support current operations as current assets in the accompanying statements of financial position. Previously, investments were classified based on the Association's reasonable expectation to convert the investments to cash within one year. Management believes the new policy better reflects the Association's liquidity position in the accompanying Statements of Financial Position. As a result of the change in accounting policy, \$10,243,431 of investments were reclassified to current assets in the 2021 statement of financial position. The reclassification had no effect on prior year net assets or change in net assets.

(p) 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 4. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates and other factors. Changes in assumptions of in market conditions could significantly affect these estimates.

(q) 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 retained investment income is restricted for the intended purpose, such as providing fellowships and scholarships to deserving students.



THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2022 and 2021

(r) Subsequent events

The Association has performed an analysis of the activities and transactions subsequent to July 31, 2022 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended July 31, 2022. Management has performed their analysis through July 8, 2024, the date the financial statements were available to be issued.

(3) Liquidity and availability

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 600,118	\$ 519,186
Investments	467,062	10,243,431
Pledges expected to be received within one year	70,000	103,221
Chapter receivables	-	14,404
Distributions from beneficial interest in assets held by others	-	83,304
Total financial assets	<u>\$ 1,137,180</u>	<u>\$ 10,963,546</u>

The Association's goal is generally to maintain a reserve of 60 days of operating expenses 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 of operating expenses (\$750,000 to \$1,200,000) to draw upon. In addition, the Association has net assets designated by the board without donor restriction of \$18,131,710 and \$12,738,464 as of July 31, 2022 and 2021, 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. Investments have been included in long term assets that support the board-designated funds.

# THE TAU BETA PI ASSOCIATION, INC

## Notes to the Financial Statements

July 31, 2022 and 2021

### (4) Investments and fair value measurements

FASB ASC Topic 820, *Fair Value Measurements* ("ASC 820"), provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Financial assets and liabilities whose values are based on adjusted quoted market prices for identical assets and liabilities in an active market that the Association 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 and money markets are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs).

During the year ended July 31, 2022, the Association changed its valuation methodology utilized to estimate the fair value of its beneficial interest in assets held by others ("beneficial interest"). For periods ended on or before July 31, 2022, the Association estimated the fair value of its beneficial interest using a discounted cash flow methodology for estimated future cash flows (level 3). Due to uncertainties of estimating the present value of the perpetual income stream, management determined that valuing the beneficial interest at the fair value of the underlying assets held in the trust using information obtained from third party sources, including a detail listing of the assets held in the trust (level 2) maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The trust consists primarily of money market and mutual fund investments. As a result of this change, the carrying value of the beneficial interest of \$872,796 as of August 1, 2021 was transferred from level 3 to level 2 in the fair value hierarchy.

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2022 and 2021

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of July 31, 2022 and 2021:

Fair Value Measurements as of July 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Mutual funds:				
Equity	\$ 30,441,155	\$ -	\$ -	\$ 30,441,155
Fixed income	3,588,979	-	-	3,588,979
Money market	<u>1,669,913</u>	<u>-</u>	<u>-</u>	<u>1,669,913</u>
Total mutual funds	<u>35,700,047</u>	<u>-</u>	<u>-</u>	<u>35,700,047</u>
Beneficial interest:				
Beneficial interest in trust	<u>-</u>	<u>1,492,089</u>	<u>-</u>	<u>1,492,089</u>
Total	<u>\$ 35,700,047</u>	<u>\$ 1,492,089</u>	<u>\$ -</u>	<u>\$ 37,192,136</u>

Fair Value Measurements as of July 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Mutual Funds:				
Equity	\$ 36,251,998	\$ -	\$ -	\$ 36,251,998
Fixed income	4,041,667	-	-	4,041,667
Money market	<u>1,363,090</u>	<u>-</u>	<u>-</u>	<u>1,363,090</u>
Total mutual funds	<u>41,656,755</u>	<u>-</u>	<u>-</u>	<u>41,656,755</u>
Beneficial interest:				
Beneficial interest in trust	<u>-</u>	<u>-</u>	<u>872,796</u>	<u>872,796</u>
Total	<u>\$ 41,656,755</u>	<u>\$ -</u>	<u>\$ 872,796</u>	<u>\$ 42,529,551</u>

The following schedule summarizes the investment income (loss) in the statements of activities for 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 3,154,357	\$ 1,654,442
Realized loss on sale of marketable securities	(6)	(1,330)
Unrealized gain (loss) on marketable securities	(8,188,326)	8,627,129
Investment fees	<u>(52,109)</u>	<u>(25,061)</u>
	<u>\$ (5,086,084)</u>	<u>\$ 10,255,180</u>

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2022 and 2021

(5) Net assets

A summary of the nature and amounts of net assets with donor restrictions as of July 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose or passage of time:		
Beneficial interest in perpetual trust	\$ 1,492,089	\$ 878,185
Various fellowship funds	364,695	398,432
Various scholarship funds	<u>574,682</u>	<u>792,683</u>
	<u>2,431,466</u>	<u>2,069,300</u>
Endowment subject to spending policy and appropriation:		
Various scholarship funds	6,773,504	8,099,526
Various fellowship funds	1,908,800	2,135,572
General fund	29,750	-
Chapter endowment	5,257,142	5,734,242
District endowment	60,480	46,993
Engineering futures	43,070	50,000
McDonald mentor award	75,741	90,314
Student assistance fund	106,630	123,785
Petitioner's support fund	27,487	31,909
Professional development fund	<u>69,336</u>	<u>51,354</u>
	<u>14,351,940</u>	<u>16,363,695</u>
Not subject to spending policy or appropriation:		
Various scholarship and fellowship funds	<u>272,117</u>	<u>241,865</u>
Total net assets with donor restrictions	<u>\$ 17,055,523</u>	<u>\$ 18,674,860</u>

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 \$662,668 and \$689,402 during the years ended July 31, 2022 and 2021, respectively.

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2022 and 2021

A summary of board-designated net assets as of July 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
The Bent life subscription	\$ 1,036,993	\$ 1,676,814
Future conventions	2,336,841	2,693,805
Program development	79,723	80,000
Engineering futures	250,000	250,000
GIG chapter project	47,500	47,500
Fellowships and scholarships	11,922,167	5,711,552
Student loans	214,928	247,001
Gift annuity	141,930	304,953
Chapter endowment initiative	1,404,751	1,098,089
Other program support	618,127	550,000
K-12 mindset program	<u>78,750</u>	<u>78,750</u>
	<u>\$ 18,131,710</u>	<u>\$ 12,738,464</u>

(6) Endowment

The Association's endowment consists of 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 restriction.

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 all 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 (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 Association 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 Association
- (7) The investment policies of the Association.

The endowment consists of only donor restricted net assets.

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2022 and 2021

Changes in Endowment Net Assets for the years ended July 31, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
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	-	3,205,822	3,205,822
Total investment return	-	3,811,101	3,811,101
Contributions and requests	-	1,047,097	1,047,097
Transfers	-	(8,897)	(8,897)
Appropriation of endowment assets for expenditure	-	(433,243)	(433,243)
Endowment net assets, July 31, 2021	-	16,363,695	16,363,695
Investment return:			
Interest and dividends	-	1,167,413	1,167,413
Net gain (loss) on investments	-	(3,346,641)	(3,346,641)
Trustee fees	-	(19,853)	(19,853)
Total investment return	-	(2,199,081)	(2,199,081)
Contributions and requests	-	610,533	610,533
Transfers	-	(77,962)	(77,962)
Appropriation of endowment assets for expenditure	-	(31,290)	(31,290)
Expenses	-	(313,955)	(313,955)
Endowment net assets, July 31, 2022	\$ -	\$ 14,351,940	\$ 14,351,940

**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 assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in 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 of a readily available benchmarks in a combination of widely diversified securities while assuming a moderate level of risk.

**Strategies Employed for Achieving Objectives:** The purpose of the Endowment Fund is to facilitate donor's 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.

# THE TAU BETA PI ASSOCIATION, INC

## Notes to the Financial Statements

July 31, 2022 and 2021

### 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 84 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.

Fund 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 the 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 at July 31, 2022 or 2021. 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.

### (7) 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 \$34,275 and \$31,286 for the years ended July 31, 2022 and 2021, respectively.

### (8) Charitable Gift Annuity

The Association entered into an agreement 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, 2022 and 2021, the present value of these payments was \$41,856 and \$44,218 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, 2022 and 2021, the present value of these payments was \$37,696 and \$39,725 using a discount rate of 3.0%.

**THE TAU BETA PI ASSOCIATION, INC**

**Notes to the Financial Statements**

**July 31, 2022 and 2021**

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, 2022 and 2021, the present value of these payments was \$44,483 and \$46,835 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 \$1,725 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 the terms of the annuity, including the donor's present age. As of July 31, 2022 and 2021, the present value of these payments was \$49,936 and \$52,929 using a discount rate of 0.6%.

**(9) Paycheck Protection Program**

In February 2021, the Association obtained a second Paycheck Protection Program (PPP) loan in the amount of \$189,380. 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, 2021. In order to obtain loan forgiveness from the Small Business Administration, 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 ended July 31, 2022. The forgiveness was treated as unrestricted revenue during July 31, 2022.



**The Tau Beta Pi Association**  
**Schedule 1 - Analysis of Fellowship Program**  
**Year Ended July 31, 2022**

**Fife Fellowships/Scholarships**

Balance July 31, 2021	\$ 34,874
Less:	
Fellowship stipends paid in 2021-22	30,000
Scholarship stipends paid in 2021-22	<u>-</u>
	4,874
Received during 2021-22 from William Fife Trust No. 1	<u>90,217</u>
Balance available for distribution on July 31, 2022	95,091
Fellowships to be paid during 2022-23 to:	
Tau Beta Pi-James Fife Fellows No. 234-238	<u>50,000</u>
Held for fellowships/scholarships to be paid during 2022-23	<u>\$ 45,091</u>

**Regular Fellowships**

Balance on July 31, 2021	\$ 240,000
Less: Stipends paid in 2021-22	<u>(230,000)</u>
Balance on July 31, 2022	10,000
Allocated from alumnus contributions and matching gifts	
and fellowship fund earnings for 2022-23 awards	260,000
Fellowship deferral to be paid in 2022-23 (Tau Beta Pi-Sigma Tau Fellow No. 47)	10,000
Less: payments made for 2022-23 fellowships	<u>-</u>
Balance on July 31, 2022	<u>\$ 270,000</u>

Regular fellowships to be paid during 2022-23:

TBP-Anderson Fellow No. 19	\$10,000	TBP- Record Fellow No. 34	10,000
TBP-Anderson Fellow No. 20	10,000	TBP- Record Fellow No. 35	10,000
TBP-Brandt Fellow No. 1	10,000	TBP - Sigma Tau Fellow No. 48	10,000
TBP-Centennial Fellow No. 37	10,000	TBP- Spencer Fellow No. 67	10,000
TBP-Dodson Fellow No. 9	10,000	TBP-Stark Fellow No. 43	10,000
TBP-Forge Fellow No. 10	10,000	TBP-Swalin Fellow No. 6	10,000
TBP-GEICO Fellow No. 7	10,000	TBP-Tau Beta Pi Fellow No. 835	10,000
TBP-Hanley Fellow No. 12	10,000	TBP-Tau Beta Pi Fellow No. 836	10,000
TBP-Hennis Fellow No. 3	10,000	TBP-Tau Beta Pi Fellow No. 837	10,000
TBP-King Fellow No. 61	10,000	TBP-Tau Beta Pi Fellow No. 838	10,000
TBP-Matthews Fellow No. 25	10,000	TBP-Tau Beta Pi Fellow No. 839	10,000
TBP- Nagel Fellow No. 25	10,000	TBP-Williams Fellow No. 43	10,000
TBP-Record Fellow No. 33	10,000	TBP-Zimmerman Fellow No. 11	10,000
			<u>\$260,000</u>

See Independent Auditors' Report

The Tau Beta Pi Association, Inc.  
Schedule 2 - Chapter Accounts Receivable  
July 31, 2022

Chapter	Debit	Credit	Notes	Chapter	Debit	Credit	Notes
AK Alpha	\$ 122	\$ -		FL Eta	\$ -	\$ (1,251)	
AL Alpha	-	-		FL Gamma	-	(260)	
AL Beta	-	(1,626)		FL Iota	-	(2,020)	
AL Delta	-	(31)		FL Theta	-	(183)	
AL Epsilon	-	-		FL Zeta	-	(286)	
AL Gamma	231	-		GA Alpha	14	-	
AR Alpha	-	(2,816)		GA Beta	20	-	
AR Beta	-	(13)		GA Gamma	-	(2,205)	
AZ Alpha	21	-		IA Alpha	-	(1,369)	
AZ Beta	-	(2,300)		IA Beta	-	(439)	
AZ Delta	-	-		ID Alpha	-	-	
AZ Gamma	126	-		ID Beta	-	(93)	
CA Alpha	49	-		ID Delta	66	-	
CA Alpha Alpha	-	(1,742)		ID Gamma	71	-	
CA Alpha Beta	-	(139)		IL Alpha	-	(185)	
CA Alpha Delta	-	(1,528)		IL Beta	-	(61)	
CA Alpha Epsilon	-	-		IL Delta	889	-	1,2
CA Alpha Gamma	1,189	-	1,2,3,4	IL Epsilon	55	-	
CA Beta	-	(933)		IL Gamma	1,402	-	1
CA Chi	153	-	3	IL Zeta	534	-	4
CA Delta	-	(314)		IN Alpha	18	-	
CA Epsilon	5,668	-	1,2,3,4	IN Beta	177	-	
CA Eta	-	(2,173)		IN Epsilon	-	-	
CA Gamma	30	-		IN Gamma	211	-	
CA Iota	109	-		IN Zeta	-	-	
CA Kappa	39	-		KS Alpha	3,019	-	2,3,4
CA Lambda	21	-		KS Beta	976	-	1,4
CA Mu	675	-	1,2,3	KS Gamma	-	-	
CA Nu	-	(1,892)		KY Alpha	30	-	
CA Omega	-	-		KY Beta	13	-	
CA Omicron	31	-		KY Gamma	-	(75)	
CA Phi	27	-		LA Alpha	32	-	
CA Psi	-	(684)		LA Beta	-	-	
CA Rho	-	(584)		LA Delta	-	(85)	
CA Sigma	406	-	1	LA Epsilon	682	-	1,2
CA Tau	-	-		LA Gamma	148	-	1
CA Theta	2,629	-	2,3,4	MA Alpha	-	(271)	
CA Upsilon	2,588	-	July 22	MA Beta	30	-	
CA Xi	4,503	-	1,2	MA Delta	-	(1,637)	
CA Zeta	-	(1,030)		MA Epsilon	-	(2,426)	
CO Alpha	2,876	-	1,2,3,4	MA Eta	-	(1,025)	
CO Beta	1,188	-	1	MA Iota	-	(112)	
CO Delta	-	(328)		MA Theta	-	(785)	
CO Epsilon	-	(490)		MA Zeta	15	-	
CO Gamma	-	(50)		MD Alpha	92	-	
CO Zeta	479	-	1	MD Beta	-	-	
CT Alpha	-	(289)		MD Delta	-	(744)	
CT Beta	247	-	1	MD Epsilon	-	(217)	
CT Gamma	138	-		MD Gamma	534	-	1
DC Alpha	-	(75)		ME Alpha	15	-	
DC Beta	15	-		MI Alpha	19	-	
DC Gamma	26	-		MI Beta	18	-	
DE Alpha	-	(12)		MI Delta	-	(164)	
FL Alpha	299	-		MI Epsilon	19	-	
FL Beta	680	-	1	MI Eta	25	-	
FL Delta	-	-		MI Gamma	56	-	
FL Epsilon	-	(2,122)		MI Iota	-	(12)	
MI Kappa	26	-		OH Eta	-	(2,639)	
MI Lambda	154	-		OH Gamma	17	-	
MI Theta	-	(15)		OH Iota	-	-	
MI Zeta	-	(1,144)		OH Kappa	-	(18)	
MN Alpha	34	-		OH Lambda	-	-	
MN Beta	203	-		OH Mu	-	(184)	
MO Alpha	-	-		OH Nu	-	-	
MO Beta	32	-		OH Theta	-	(968)	
MO Delta	-	-		OH Xi	-	(1,008)	
MO Epsilon	16	-		OH Zeta	-	(116)	
MO Gamma	-	-		OK Alpha	26	-	
MS Alpha	-	(40)		OK Beta	44	-	
MS Beta	31	-		OK Gamma	123	-	
MT Alpha	-	(26)		OR Alpha	-	(1,527)	
MT Beta	1,022	-	1,4	OR Beta	34	-	
NC Alpha	-	(858)		OR Delta	-	(506)	
NC Delta	-	-		OR Gamma	-	-	

See Independent Auditors' Report

The Tau Beta Pi Association, Inc.  
Schedule 2 - Chapter Accounts Receivable  
July 31, 2022

Chapter	Debit	Credit	Notes	Chapter	Debit	Credit	Notes
NC Epsilon	-	(359)		OH Delta	24	-	
NC Gamma	20	-		OH Epsilon	237	-	
NC Zeta	-	-		PA Alpha	-	(1,217)	
ND Alpha	24	-		PA Beta	-	(3,067)	
ND Beta	-	-		PA Delta	190	-	
NE Alpha	528	-	2	PA Epsilon	-	(7)	
NH Alpha	-	(1,610)		PA Eta	-	(481)	
NH Beta	15	-		PA Gamma	1,859	-	1,4
NJ Alpha	28	-		PA Iota	-	-	
NJ Beta	2,345	-	1,2	PA Kappa	170	-	4,5
NJ Delta	1,979	-	1	PA Lambda	-	-	
NJ Epsilon	-	-		PA Mu	19	-	
NJ Gamma	-	-		PA Theta	-	-	
NJ Zeta	1,427	-	1,2,3,4	PA Zeta	34	-	
NM Alpha	26	-		PR Alpha	1	-	
NM Beta	534	-	1	RI Alpha	82	-	
NM Gamma	41	-		RI Beta	-	-	
NV Alpha	-	-		SC Alpha	-	-	
NV Beta	-	-		SC Beta	-	(202)	
NY Alpha	-	(1,292)		SC Gamma	-	-	
NY Beta	20	-		SD Alpha	4	-	
NY Delta	-	(5,850)		SD Beta	-	-	
NY Eta	476	-		TN Alpha	-	(31)	
NY Gamma	-	(2,791)		TN Beta	-	-	
NY Iota	100	-		TN Delta	287	-	1
NY Kappa	-	(17)		TN Epsilon	-	-	
NY Mu	1,899	-	1,2,4	TN Gamma	-	-	
NY Nu	3,034	-	2,4	TN Zeta	13	-	
NY Omicron	-	(44)		TX Alpha	-	-	
NY Pi	-	(800)		TX Beta	1,030	-	1
NY Rho	-	(148)		TX Delta	1,085	-	4
NY Sigma	12	-		TX Epsilon	484	-	1,2
NY Tau	-	(695)		TX Eta	22	-	
NY Theta	-	-		TX Gamma	47	-	
NY Upsilon	-	(84)		TX Iota	-	(978)	
NY Xi	-	(1,514)		TX Kappa	2,574	-	1,3,4
OH Alpha	-	(1,681)		TX Lambda	-	-	
OH Beta	-	-		TX Mu	350	-	4
TX Nu	-	(533)					
TX Theta	259	-					
TX Xi	-	-					
TX Zeta	-	(1,420)					
UT Alpha	-	(683)					
UT Beta	-	(117)					
UT Gamma	-	-					
VA Alpha	880	-	1				
VA Beta	-	(300)					
VA Delta	-	-					
VA Epsilon	454	-	1				
VA Gamma	-	-					
VT Alpha	20	-					
VT Beta	9	-					
WA Alpha	-	(168)					
WA Beta	-	(971)					
WA Delta	12	-					
WA Gamma	248	-	1				
WI Alpha	-	-					
WI Beta	25	-					
WI Delta	-	(566)					
WI Epsilon	374	-	1,4				
WI Gamma	-	(143)					
WV Alpha	-	(1,169)					
WV Beta	12	-					
WY Alpha	-	-					
Alumni Chapters	489	-					
Totals					\$ 59,304	\$ (75,060)	

Significant debit balances of chapter accounts are explained as follows:

- Note (1) Chapter reported its Spring 2022 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 2021 and/or Spring 2022 initiation fees
- Note (5) Paid a substantial amount or in full after close of fiscal year

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**The Tau Beta Pi Association**  
**Schedule 3 - Analysis of 2021 Convention Revenue and Expenses**  
**Year Ended July 31, 2022**

**Revenue:**

Convention assessments for 2021-22 collegiate chapter initiates	\$ 73,720
Ticket sales and billed airfares	2,554
Corporate and other gifts	16,700
Convention fund dividends	201,970
Market leases, net, realized and unrealized	(578,997)
	<u>(284,053)</u>

**Expenses:**

Collegiate chapter	
Voting delegates	38,290
Non-voting delegates	8,658
Advisors	670
Alumni chapter	
Voting delegates	-
Association officials	3,035
Award recipients	-
Headquarters and convention officials	1,133
Visitors and guests	-
Other program expenses	95,445
Trustee fees	3,435
Allocated share of national headquarters	(15,130)
	<u>135,535</u>
Excess of revenue over expenses	<u>\$ (419,588)</u>

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The Tau Beta Pi Association, Inc.  
Schedule 4 - Investment Analysis  
Year Ended July 31, 2022

**Investments held by Trustee (Tau Beta Pi Trust)**

Balances on July 31, 2021	
Balance at PNC Bank	\$ 2,101
Balance at Vanguard	41,644,953
	<u>41,647,055</u>
Additions (reductions)	
Dividends earned on investments	3,064,138
Net loss on investments	(8,784,227)
	<u>(5,720,089)</u>
Capital Gifts (donations directly to trust)	
K. Knox (General)	1,024
J. Arnold (General)	15,278
L. Merkle (Chapter Endowment)	48,712
N. Gruspe (General)	466
	<u>65,480</u>
Funds received at the Office of the Executive Director and sent to the trust	
T. Nelson Estate (Scholarships)	193,810
L. Hennis (Fellowships)	100,000
D. Grigsby (Fellowships)	50,000
P. Kitchens (Scholarships)	4,000
Unrestricted Annual Gifts	2,190
	<u>350,000</u>
Funds held at the Office of the Executive Director	
HQ Operations Endowment Donations	86,305
District Program Endowment Donations	20,000
Professional Development Donations	28,000
Scholarships - C. Frazier	2,000
Fellowships - L. Brandt	10,000
	<u>146,305</u>
Net reductions	<u>(5,158,304)</u>
Deductions	
Net transfer to Office of Executive Director	1,224,162
Trustee fees	52,106
Total deductions	<u>1,276,267</u>
Balance on July 31, 2022	<u><u>\$ 35,212,483</u></u>

**Investments held by Fidelity Investments**

Balance on July 31, 2021	6,013
Additions (reductions)	
Dividends earned on investments	85
Net loss on investments	(365)
Net reductions	<u>(280)</u>
Withdrawals	<u>-</u>
Balance on July 31, 2022	<u><u>\$ 5,733</u></u>

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**Investments held by T. Rowe Price**

Balance on July 31, 2021	\$ 5,788
Additions (reductions)	
Dividends earned on investments	101
Net loss on investments	(379)
Deposits	-
Net reductions	(278)
Withdrawals	-
Balance on July 31, 2022	<u>\$ 5,510</u>

**Total Tau Beta Pi Investments as of July 31, 2022**

Balance on July 31, 2021	\$ 41,656,755
Net reductions	(5,158,862)
Deductions	1,276,267
Balance on July 31, 2022	<u>\$ 35,221,626</u>

**Assets Held by Vanguard as of July 31, 2022**

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
187,316.24	Vanguard Core Bond Fund Admiral	\$ 3,588,979
41,723.07	Vanguard Equity Income Fund Admiral	3,687,902
18,913.00	Vanguard Explorer Fund Admiral	1,840,991
59,498.96	Vanguard International Growth Fund Admiral	6,096,858
165,375.67	Vanguard International Value Fund	5,983,292
306,678.30	Vanguard PRIMECAP Core Fund	9,221,817
30,549.63	Vanguard U.S. Growth Fund Admiral Shares	3,599,052
1,669,913.06	Vanguard Federal Money Market Fund	1,669,913
	Total Vanguard Investments	<u>\$ 35,688,804</u>

**Assets Held by Fidelity as of July 31, 2022**

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
39.958	Fidelity 500 Index Fund (FXAIX)	\$ 5,732
1.050	Fidelity Cash (SPAXX)	1
	Total Fidelity Investments	<u>\$ 5,733</u>

**Assets Held by T. Rowe Price as of July 31, 2022**

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
50.684	T. Rowe Equity Index 500 (PREIX)	\$ 5,510
	Total T. Rowe Price Investments	<u>\$ 5,510</u>

Total Tau Beta Pi Investments as of July 31, 2022	<u>\$ 35,700,047</u>
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