

The Tau Beta Pi Association, Inc
Financial Statements and Supplementary Information
July 31, 2023 and 2022
(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 statements of financial position as of July 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tau Beta Pi Association, Inc as of July 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Tau Beta Pi Association, Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

LBMC, PC

Knoxville, Tennessee
December 11, 2024

THE TAU BETA PI ASSOCIATION, INC

Statements of Financial Position

July 31, 2023 and 2022

Assets

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 674,087	\$ 600,118
Investments	317,768	467,062
Accounts receivable		
Chapters	6,503	-
Student loans	13,078	15,578
Pledges expected to be received within one year, net	138,641	70,000
The Bent life subscription installments	3,402	3,252
Trust contribution	25,000	274,736
Other	<u>7,421</u>	<u>11,250</u>
Total receivables	194,045	374,816
Inventory	105,012	67,565
Prepaid expenses	<u>50,012</u>	<u>83,382</u>
Total current assets	<u>1,340,924</u>	<u>1,592,943</u>
Pledges expected to be received after one year, net	138,905	162,094
Property and equipment, net	85,742	85,726
Investments Board Designated and Endowment	38,551,546	35,232,985
Gain on beneficial interest in assets held by others	<u>1,591,304</u>	<u>1,492,089</u>
Total assets	<u>\$ 41,708,421</u>	<u>\$ 38,565,837</u>

See accompanying notes to the financial statements.

THE TAU BETA PI ASSOCIATION, INC

Statements of Financial Position

July 31, 2023 and 2022

Liabilities and Net Assets

	<u>2023</u>	<u>2022</u>
Current liabilities:		
Accounts payable		
Chapters	\$ 74,737	\$ 80,424
Laureate awards	14,000	6,000
Fellowship and scholarship stipends	859,000	826,800
Other	<u>63,752</u>	<u>45,097</u>
Total accounts payable	1,011,489	958,321
Accrued expenses	156,982	90,709
Annuity payable, current portion	33,037	33,037
Deferred convention revenue	187,725	313,255
Deferred The Bent subscription revenue, current portion	<u>87,102</u>	<u>85,449</u>
Total current liabilities	1,476,335	1,480,771
Deferred The Bent subscription revenue, net of the current portion	114,145	118,674
The Bent life subscriptions	982,183	1,017,081
Annuity payable, non-current portion	<u>131,275</u>	<u>140,934</u>
Total liabilities	<u>2,703,938</u>	<u>2,757,460</u>
Net assets:		
Without donor restrictions:		
Undesignated	452,937	575,392
Board-designated	19,816,453	18,131,710
With donor restrictions	<u>18,735,093</u>	<u>17,101,275</u>
Total net assets	<u>39,004,483</u>	<u>35,808,377</u>
Total liabilities and net assets	<u>\$ 41,708,421</u>	<u>\$ 38,565,837</u>

See accompanying notes to the financial statements.

THE TAU BETA PI ASSOCIATION, INC

Statements of Activities

Year ended July 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and gain on investments:			
Initiation and chapter fees and fines	\$ 250,275	\$ -	\$ 250,275
Chapter and individual sales	163,175	-	163,175
Contributions and bequests	1,346,088	542,141	1,888,229
Annual convention	285,022	-	285,022
The Bent publication	95,914	-	95,914
Net life subscription fee transfer	38,663	-	38,663
Miscellaneous	143,045	13,000	156,045
Interest and dividends	1,093,600	822,520	1,916,120
Net gain on investments	1,355,566	908,693	2,264,259
Gain on beneficial interest in assets held by others	-	99,214	99,214
Net assets released from restrictions	<u>751,505</u>	<u>(751,505)</u>	<u>-</u>
Total revenues and gains on investments	<u>5,522,853</u>	<u>1,634,063</u>	<u>7,156,916</u>
Expenses:			
Program services			
Chapter supplies and operations	442,988	-	442,988
Cost of chapter and individual sales	211,416	-	211,416
Annual convention	673,251	-	673,251
District program	259,072	-	259,072
Engineering futures program	62,146	-	62,146
Greater interest in government program	3,058	-	3,058
BULLETIN publication	42,804	-	42,804
Student assistance program	1,487	-	1,487
Laureate program	18,664	-	18,664
Advisor program	42,290	-	42,290
The Bent publication	422,517	-	422,517
Fellowship and scholarship program	914,768	-	914,768
Alumnus program	109,996	-	109,996
Alumnus recognition program	6,776	-	6,776
K-12 mindset program	13,889	-	13,889
Student loan program	<u>4,696</u>	<u>-</u>	<u>4,696</u>
Total program services	3,229,818	-	3,229,818
Supported services			
General and administrative	420,795	-	420,795
Alumni giving program	<u>310,197</u>	<u>-</u>	<u>310,197</u>
Total supported services	<u>730,992</u>	<u>-</u>	<u>730,992</u>
Total expenses	<u>3,960,810</u>	<u>-</u>	<u>3,960,810</u>
Change in net assets	1,562,043	1,634,063	3,196,106
Net assets at beginning of year	<u>18,707,102</u>	<u>17,101,275</u>	<u>35,808,377</u>
Net assets at end of year	<u>\$ 20,269,145</u>	<u>\$ 18,735,338</u>	<u>\$ 39,004,483</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>
Revenues and loss on investments:			
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)
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>
Expenses:			
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 Cash Flows

Years ended July 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ <u>3,196,106</u>	\$ <u>(5,158,174)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net life subscription fee transfer	(34,898)	(15,275)
Net loss (gain) on investments	(2,264,259)	8,784,227
Gain on forgiveness of PPP loan	-	(189,380)
Depreciation	16,159	9,348
Annuity expense	-	33,037
Change in value of beneficial interest in assets held by others	(99,215)	(619,293)
Contributions with donor restrictions received	(542,141)	(671,271)
 Change in operating assets and liabilities:		
Accounts receivable	188,204	(42,575)
Inventory	(37,447)	(17,977)
Prepaid expenses	33,370	(8,718)
Accounts payable	68,924	55,676
Accrued expenses	66,273	20,661
Deferred convention revenue	(125,530)	121,195
Deferred The Bent subscription revenue	(2,876)	403
Annuities payable	<u>(9,659)</u>	<u>(9,736)</u>
Net cash provided by operating activities	<u>453,011</u>	<u>2,292,148</u>
 Cash flows from investing activities:		
Proceeds from sale of investments	(1,832,163)	(3,481,726)
Payments for purchase of investments	927,155	654,207
Payments for purchase of equipment	<u>(16,175)</u>	<u>(21,931)</u>
Net cash used by investing activities	<u>(921,183)</u>	<u>(2,849,450)</u>
 Cash flows for financing activities:		
Payments on annuity payable	-	(33,037)
Proceeds from contributions with donor restrictions received	<u>542,141</u>	<u>671,271</u>
Net cash provided by financing activities	<u>542,141</u>	<u>638,234</u>
 Increase in cash and cash equivalents	73,969	80,932
 Cash and cash equivalents at beginning of year	<u>600,118</u>	<u>519,186</u>
Cash and cash equivalents at end of year	<u>\$ <u>674,087</u></u>	<u>\$ <u>600,118</u></u>

See accompanying notes to the financial statements.

THE TAU BETA PI ASSOCIATION, INC

Statement of Functional Expenses for

Year ended July 31, 2023

	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	\$ 12,054	\$ 476,752	\$ 162,735	\$ 189,857	\$ 54,245	\$ 895,643	\$ 212,073	\$ 108,490	\$ 320,563	\$ 1,216,206
Sales, services, and supplies	3,072	301,784	15,342	38,678	11,089	369,965	148,111	15,162	163,273	533,238
Travel and meetings	10,921	291,304	489,036	-	-	791,261	60,147	30,525	90,672	881,933
Printing and shipping	325	52,079	6,138	236,785	1,534	296,861	464	156,020	156,484	453,345
Grants to others	-	28,188	-	-	847,900	876,088	-	-	-	876,088
	<u>\$ 26,372</u>	<u>\$ 1,150,107</u>	<u>\$ 673,251</u>	<u>\$ 465,320</u>	<u>\$ 914,768</u>	<u>\$ 3,229,818</u>	<u>\$ 420,795</u>	<u>\$ 310,197</u>	<u>\$ 730,992</u>	<u>\$ 3,960,810</u>

See accompanying notes to the financial statements.

THE TAU BETA PI ASSOCIATION, INC

Statement of Functional Expenses for

Year ended July 31, 2022

	<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	\$ 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

Notes to the Financial Statements

July 31, 2023 and 2022

(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) Recently adopted accounting pronouncement

On August 1, 2022, the Association adopted the cumulative accounting standard updates initially issued by the FASB in February 2016 that amend the accounting for leases and are codified as Accounting Standards Codification Topic 842 ("ASC 842"). The adoption of ASC 842 did not have a material impact on the Association's statements of financial position or statements of activities.

(b) 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.

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2023 and 2022

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, 2023 are due within five years.

(c) 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.

(d) 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.

(e) Inventory

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

(f) 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.

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2023 and 2022

(g) 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.

(h) 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, 2023 and 2022 amounted to \$16,159 and \$9,348, respectively.

(i) 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.

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2023 and 2022

A summary of deferred revenue activity is as follows:

<u>Balance at August 1, 2022</u>	<u>Revenue Recognized in 2023</u>	<u>Cash Received in Advance of Performance</u>	<u>Balance at July 31, 2023</u>
\$ 1,534,459	\$ (235,558)	\$ 72,254	\$ 1,371,155
<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

(j) 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.

(k) In-kind contributions and expenses

Donated in-kind rent was received in the current year. The value of this contributions has been recorded as in-kind revenue and expense in the amounts of \$38,268 and \$33,009 for the years ending July 31, 2023 and 2022, respectively. The rental agreement is informal and has an indefinite term.

(l) 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, 2023 or 2022.

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2023 and 2022

(m) 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.

(n) 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.

(o) 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.

(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, 2023 and 2022

(r) Subsequent events

The Association has performed an analysis of the activities and transactions subsequent to July 31, 2023 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended July 31, 2023. Management has performed their analysis through December 11, 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 674,087	\$ 600,118
Investments	317,768	467,062
Pledges expected to be received within one year	138,641	70,000
Chapter receivables	<u>6,503</u>	<u>-</u>
Total financial assets	<u>\$ 1,136,999</u>	<u>\$ 1,137,180</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 \$19,816,453 and \$18,131,710 as of July 31, 2023 and 2022, 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, 2023 and 2022

(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 unadjusted 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).

The fair value of beneficial interest in assets held by others is based on 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.

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2023 and 2022

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of July 31, 2023 and 2022:

Fair Value Measurements as of July 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Mutual funds:				
Equity	\$ 33,653,607	\$ -	\$ -	\$ 33,653,607
Fixed income	3,588,979	-	-	3,588,979
Money market	<u>1,626,728</u>	<u>-</u>	<u>-</u>	<u>1,626,728</u>
Total mutual funds	<u>38,869,314</u>	<u>-</u>	<u>-</u>	<u>38,869,314</u>
Beneficial interest:				
Beneficial interest in trust	<u>-</u>	<u>1,591,304</u>	<u>-</u>	<u>1,591,304</u>
Total	<u>\$ 38,869,314</u>	<u>\$ 1,591,304</u>	<u>\$ -</u>	<u>\$ 40,460,618</u>

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>

The following schedule summarizes the investment income (loss) in the statements of activities for 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 1,916,120	\$ 3,154,357
Realized loss on sale of marketable securities	(103)	(6)
Unrealized gain (loss) on marketable securities	2,334,257	(8,188,324)
Investment fees	<u>(69,895)</u>	<u>(52,109)</u>
	<u>\$ 4,180,373</u>	<u>\$ (5,086,082)</u>

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2023 and 2022

(5) Net assets

A summary of the nature and amounts of net assets with donor restrictions as of July 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose or passage of time:		
Beneficial interest in perpetual trust	\$ 1,591,304	\$ 1,492,089
Various fellowship funds	344,695	364,695
Various scholarship funds	<u>305,682</u>	<u>620,434</u>
	<u>2,241,681</u>	<u>2,477,218</u>
Endowment subject to spending policy and appropriation:		
Various scholarship funds	7,310,160	6,773,504
Various fellowship funds	2,107,227	1,908,800
General fund	33,164	29,750
Chapter endowment	5,973,132	5,257,142
District endowment	87,420	60,480
Engineering futures	48,013	43,070
McDonald mentor award	82,432	75,741
Student assistance fund	118,865	106,630
Petitioner's support fund	29,061	27,487
Professional development fund	<u>128,292</u>	<u>69,336</u>
	<u>15,917,766</u>	<u>14,351,940</u>
Not subject to spending policy or appropriation:		
Various scholarship and fellowship funds	<u>575,891</u>	<u>272,117</u>
Total net assets with donor restrictions	<u>\$ 18,735,338</u>	<u>\$ 17,101,275</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 \$751,505 and \$662,668 during the years ended July 31, 2023 and 2022, respectively.

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2023 and 2022

A summary of board-designated net assets as of July 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
The Bent life subscription	\$ 995,649	\$ 1,036,993
Future conventions	2,531,186	2,336,841
Program development	84,001	79,723
Engineering futures	250,000	250,000
GIG chapter project	47,500	47,500
Fellowships and scholarships	13,225,096	11,922,167
Student loans	237,803	214,928
Gift annuity	154,800	141,930
Chapter endowment initiative	1,581,356	1,404,751
Other program support	622,074	618,127
K-12 mindset program	<u>86,988</u>	<u>78,750</u>
	<u>\$ 19,816,453</u>	<u>\$ 18,131,710</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, 2023 and 2022

Changes in Endowment Net Assets for the years ended July 31, 2023 and 2022:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Endowment net assets, July 31, 2021	\$ -	\$ 16,363,695	\$ 16,363,695
Investment return:			
Interest and dividends	-	1,167,413	1,167,413
Net loss on investments	-	(3,346,641)	(3,346,641)
Trustee fee	-	(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	-	<u>14,351,940</u>	<u>14,351,940</u>
Investment return:			
Interest and dividends	-	724,687	724,687
Net gain on investments	-	922,739	922,739
Trustee fees	-	(27,646)	(27,646)
Total investment return	-	<u>1,619,780</u>	<u>1,619,780</u>
Contributions and requests	-	369,811	369,811
Transfers	-	(9,760)	(9,760)
Appropriation of endowment assets for expenditure	-	(99,795)	(99,795)
Expenses	-	(314,210)	(314,210)
Endowment net assets, July 31, 2023	<u>\$ -</u>	<u>\$ 15,917,766</u>	<u>\$ 15,917,766</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 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 readily available benchmarks in a combination of widely diversified securities while assuming a moderate level of risk.

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2023 and 2022

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 Association 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.

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, 2023 or 2022. 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 \$37,351 and \$34,275 for the years ended July 31, 2023 and 2022, respectively.

(8) 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, 2023 and 2022, the present value of these payments was \$39,326 and \$41,856 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, 2023 and 2022, the present value of these payments was \$35,728 and \$37,696 using a discount rate of 3.0%.

THE TAU BETA PI ASSOCIATION, INC

Notes to the Financial Statements

July 31, 2023 and 2022

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, 2023 and 2022, the present value of these payments was \$42,196 and \$44,483 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, 2023 and 2022, the present value of these payments was \$47,062 and \$49,936 using a discount rate of 0.6%.

(9) Employee Retention Credit

In 2023, the Association applied for the Employee Retention Credit (ERC) for the 3rd Quarter of 2021. In order to qualify for the credit, the Association had to demonstrate a significant decline in gross receipts and maintain a consistent employee headcount for the applicable period. The credit was received and recorded as unrestricted revenue in the statements of financial position of \$95,604 at July 31, 2023, net of related consulting fees.

Schedule 1
The Tau Beta Pi Association
Analysis of Fellowship Program
Year Ended July 31, 2023

Fife Fellowships/Scholarships

Balance July 31, 2022	\$95,091
Less:	
Fellowship Stipends Paid in 2022-23	<u>50,000</u>
Balance	\$45,091
Received During 2022-23 from William Fife Trust No. 1	<u>83,780</u>
Balance Available for Distribution on July 31, 2023	\$128,871
Fellowships to Be Paid During 2023-24 to:	
Tau Beta Pi-James Fife Fellows No. 239-244 (TBP-Fife 244 is w/o stipend)	<u>50,000</u>
Held for Fellowships/Scholarships to Be Paid During 2023-24	<u>\$78,871</u>

Regular Fellowships

Balance on July 31, 2022	\$270,000
Less: Stipends Paid in 2022-23	<u>(245,000)</u>
Less: Stipend Resigned in 2022-23 (TBP-Matthews #25 graduated early)	<u>(5,000)</u>
Balance on July 31, 2023	<u>\$20,000</u>
Allocated from Alumnus Contributions and Matching Gifts and Fellowship Fund Earnings for 2023-24 Awards	\$260,000
Fellowship Deferral to Be Paid in 2023-24 (TBP-GEICO No. 7 & TBP-Tau Beta Pi No. 835)	<u>20,000</u>
Balance on July 31, 2023	<u>\$280,000</u>

Regular Fellowships to Be Paid During 2023-24:

TBP-Anderson Fellow No. 21	\$10,000	TBP-Record Fellow No. 39	10,000
TBP-Anderson Fellow No. 22	10,000	TBP-Record Fellow No. 40	10,000
TBP-Brandt Fellow No. 2	10,000	TBP-Record Fellow No. 41	10,000
TBP-Centennial Fellow No. 38	10,000	TBP-Record Fellow No. 42	10,000
TBP-Dodson Fellow No. 10	10,000	TBP-Sigma Tau Fellow No. 49	10,000
TBP-Forge Fellow No. 11	10,000	TBP-Spencer Fellow No. 68	10,000
TBP-GEICO Fellow No. 7 (defer)	10,000	TBP-Tau Beta Pi Fellow No. 835 (defer)	10,000
TBP-Hennis Fellow No. 4	10,000	TBP-Swalin Fellow No. 67	10,000
TBP-King Fellow No. 62	10,000	TBP-Swalin Fellow No. 67	10,000
TBP-Matthews Fellow No. 26	10,000	TBP-Tau Beta Pi Fellow No. 840	10,000
TBP-Nagel Fellow No. 26	10,000	TBP-Tau Beta Pi Fellow No. 841	10,000
TBP-Record Fellow No. 36	10,000	TBP-Tau Beta Pi Fellow No. 842	10,000
TBP-Record Fellow No. 37	10,000	TBP-Williams Fellow No. 44	10,000
TBP-Record Fellow No. 38	10,000	TBP-Zimmerman Fellow No. 12	10,000
			<u>\$280,000</u>

See Independent Auditors' Report

Schedule 2
The Tau Beta Pi Association, Inc.
Collegiate Chapter Accounts Receivable
July 31, 2023

	A	B	C	D	E	F	G	H	I
1	Chapter	Debit	Credit	Notes		Chapter	Debit	Credit	Notes
2	AK Alpha	-				IL Gamma	19		
3	AL Alpha	82		2		IL Zeta	534		1,4
4	AL Beta		(1,983)			IN Alpha	12		
5	AL Delta	15				IN Beta	196		2
6	AL Epsilon					IN Epsilon	84		1
7	AL Gamma	32				IN Gamma	1,344		1,2,3
8	AR Alpha	426		1		IN Zeta	37		
9	AR Beta					KS Alpha	5,357		1,2,3,4
10	AZ Alpha	605		1		KS Beta	27		
11	AZ Beta	27				KS Gamma	28		
12	AZ Delta					KY Alpha	38		
13	AZ Gamma	126		1,3		KY Beta			
14	CA Alpha	2,242		1,3		KY Gamma	411		1
15	CA Alpha Alpha	28				LA Alpha	1,383		1,3,4
16	CA Alpha Beta		(457)			LA Beta	166		2
17	CA Alpha Delta		(2,991)			LA Delta	12		
18	CA Alpha Epsilon					LA Epsilon	116		1,2
19	CA Alpha Gamma	568		1,2,3,4		LA Gamma	592		1,2
20	CA Beta		(1,373)			MA Alpha	1,347		1,2
21	CA Chi		(279)			MA Beta	30		
22	CA Delta		(400)			MA Delta		(1,345)	
23	CA Epsilon	3,204		1		MA Epsilon		(4,417)	
24	CA Eta		(563)			MA Eta	35		
25	CA Gamma	30				MA Iota		(370)	
26	CA Iota		(302)			MA Theta		(937)	
27	CA Kappa	2,407		1,2,3,4		MA Zeta	15		
28	CA Lambda	18				MD Alpha	45		
29	CA Mu	773		1,3		MD Beta	594		1
30	CA Nu	12				MD Delta		(1,285)	
31	CA Omega		(18)			MD Epsilon		(217)	
32	CA Omicron					MD Gamma	27		
33	CA Phi		(202)			ME Alpha	12		
34	CA Psi		(231)			MI Alpha	31		
35	CA Rho	28				MI Beta	124		1
36	CA Sigma	22				MI Delta		(94)	
37	CA Tau		(913)			MI Epsilon	26		
38	CA Theta	1,796		1,3,4		MI Eta	31		
39	CA Upsilon		(83)			MI Gamma	5,709		1,2,3,4
40	CA Xi	1,612		1,2,3		MI Iota	307		1
41	CA Zeta		(2,022)			MI Kappa	12		
42	CO Alpha	3,111		1		MI Lambda	38		
43	CO Beta	34				MI Theta	330		1,3,4
44	CO Delta					MI Zeta		(697)	
45	CO Epsilon		(389)			MN Alpha	61		
46	CO Gamma		(391)			MN Beta	363		1
47	CO Zeta	2,059		1,3,4		MO Alpha		(257)	
48	CT Alpha	12				MO Beta	33		
49	CT Beta	329		1		MO Delta	675		1,3,4
50	CT Gamma	260		1,3,4		MO Epsilon	125		1
51	DC Alpha		(366)			MO Gamma		(46)	
52	DC Beta	12				MS Alpha	4,062		1,3,4
53	DC Gamma	218		1		MS Beta	357		1
54	DE Alpha		(382)			MT Alpha	12		
55	FL Alpha		(294)			MT Beta	947		1,3,4
56	FL Beta	1,584		1,3,4		NC Alpha		(1,169)	
57	FL Delta	12				NC Delta	27		
58	FL Epsilon		(2,082)			NC Epsilon	762		1,4
59	FL Eta		(608)			NC Gamma	45		
60	FL Gamma	12				NC Zeta			
61	FL Iota		(2,223)			ND Alpha	1		
62	FL Theta		(480)			ND Beta	1,302		1,2
63	FL Zeta		(927)			NE Alpha		(105)	
64	GA Alpha	27				NH Alpha		(18)	
65	GA Beta	12				NH Beta	852		1
66	GA Delta	5,065		1,3,4		NJ Alpha	864		1
67	GA Gamma		(682)			NJ Beta	82		
68	IA Alpha		(540)			NJ Delta	32		
69	IA Beta		(752)			NJ Epsilon	12		
70	ID Alpha					NJ Gamma	82		1
71	ID Beta		(168)			NJ Zeta	27		
72	ID Delta	342		1		NM Alpha	700		1
73	ID Gamma	1,086		1,2,3,4		NM Beta		(2)	
74	IL Alpha		(4,276)			NM Gamma		(9)	
75	IL Beta	45				NV Alpha	8		
76	IL Delta	136		1		NV Beta	34		
77	IL Epsilon					NY Alpha		(2,071)	

See Independent Auditors' Report

Schedule 2
The Tau Beta Pi Association, Inc.
Collegiate Chapter Accounts Receivable
July 31, 2023

	A	B	C	D	E	F	G	H	I	
78	Chapter	Debit	Credit	Notes		Chapter	Debit	Credit	Notes	
79	NY Beta	18				TX Beta	12			
80	NY Delta		(4,513)			TX Delta	683		1	
81	NY Eta	357		2		TX Epsilon	35			
82	NY Gamma		(3,891)			TX Eta		(62)		
83	NY Iota	228		1		TX Gamma	47			
84	NY Kappa	39				TX Iota		(894)		
85	NY Mu	266		1		TX Kappa	19			
86	NY Nu	163		1		TX Lambda				
87	NY Omicron		(512)			TX Mu	355		1,3,4	
88	NY Pi	457		1,4		TX Nu		(691)		
89	NY Rho		(1,186)			TX Theta	259		2	
90	NY Sigma	369		1		TX Xi				
91	NY Tau		(368)			TX Zeta		(1,703)		
92	NY Theta					UT Alpha		(1,202)		
93	NY Upsilon		(939)			UT Beta		(220)		
94	NY Xi		(1,357)			UT Gamma		(11)		
95	OH Alpha		(2,037)			VA Alpha	273		1,3	
96	OH Beta					VA Beta	265		1	
97	OH Delta		(53)			VA Delta				
98	OH Epsilon	25				VA Epsilon	733		1,2,3	
99	OH Eta		(2,174)			VA Gamma	142		1	
100	OH Gamma		(104)			VT Alpha	12			
101	OH Iota					VT Beta	149		1,2	
102	OH Kappa		(10)			WA Alpha		(783)		
103	OH Lambda	26				WA Beta		(1,680)		
104	OH Mu		(106)			WA Delta		(233)		
105	OH Nu					WA Gamma	238		1	
106	OH Theta		(567)			WI Alpha	27			
107	OH Xi		(929)			WI Beta	356		1	
108	OH Zeta		(184)			WI Delta		(623)		
109	OK Alpha		(71)			WI Epsilon	724		1,3,4	
110	OK Beta	595		2		WI Gamma		(203)		
111	OK Gamma	887		2		WV Alpha		(281)		
112	OR Alpha		(1,590)			WV Beta	26			
113	OR Beta	181		4		WY Alpha	757		1	
114	OR Delta		(971)							
115	OR Gamma		(66)							
116	PA Alpha	168		2						
117	PA Beta		(1,523)							
118	PA Delta		(13)							
119	PA Epsilon	1,352		1,4						
120	PA Eta	82		1,4						
121	PA Gamma	636		2						
122	PA Iota									
123	PA Kappa	290		1						
124	PA Lambda	217		1,2						
125	PA Mu	306		2						
126	PA Theta	534		1						
127	PA Zeta	417		1						
128	PR Alpha		(41)							
129	RI Alpha									
130	RI Beta									
131	SC Alpha	1,022		1						
132	SC Beta	3,805		1,2,3,4						
133	SC Gamma	42								
134	SD Alpha	42								
135	SD Beta									
136	TN Alpha	24								
137	TN Beta	490		2,3						
138	TN Delta	275		1						
139	TN Epsilon	192		1						
140	TN Gamma									
141	TN Zeta	356		1						
142	TX Alpha									
143										
144										
145	Alumni Chapters		(193)							
146										
147	Totals						77,906	(71,403)		
148										
149	Significant debit balances of chapter accounts are explained as follows:									
150	Note (1) Chapter reported its Spring 2023 initiation late and/or failed to pay initiation fees.									
151	Note (2) Charge for Graduation Stoles/Honor Cords/Bent Castings/Bent Monument/Insignia Items									
152	Note (3) Poor financial management/no or minimal payments made during fiscal year									
153	Note (4) Chapter failed to pay Fall 2022 and/or Spring 2023 initiation fees									
154	Note (5) Paid a substantial amount or in full after close of fiscal year									

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Schedule 3
The Tau Beta Pi Association
Analysis of 2022 Convention Revenue and Expenses
Fiscal Year Ended July 31, 2023

Revenue:

Convention assessments for 2022-23 collegiate chapter initiates	\$	126,455
Ticket sales and billed airfares		58,139
Corporate and other gifts		126,559
Convention Fund / Professional Development dividends		123,526
Market gains, realized and unrealized		157,285
		591,966

Expenses:

Collegiate chapter		
Voting delegates		306,080
Non-voting delegates		88,088
Advisors		11,487
Alumni chapter		
Voting delegates		21,024
Association officials		79,684
Award recipients		10,921
Headquarters and Convention officials		12,740
Visitors and guests		44,407
Other program expenses		24,523
Trustee fees		4,712
Allocated share of national headquarters		162,735
		766,401

Excess of revenue over expenses	\$	(174,436)
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Schedule 4
The Tau Beta Pi Association, Inc.
Investment Analysis and Assets Held by Trustee
Year Ended July 31, 2023

Investments held by Trustee (Tau Beta Pi Trust)

Starting Balances on July 31, 2022	
Balance at PNC Bank	35,688,804
Total Balance	<u>\$ 35,688,804</u>
Additions	
Dividends Earned on Investments	1,832,340
Net Gain on Investments	2,334,156
	<u>4,166,496</u>
Capital Gifts (donations directly to trust)	
J. Pepper (General)	550
J. Arnold (General)	16,875
P. Kitchens (Scholarship)	5,139
	<u>22,564</u>
Funds received at the Office of the Executive Director and sent to the trust	
R. Pasadyn (Scholarships)	25,000
Endowment Contributions (33)	259,811
A. Madni (Dist. Alumnus Endowment)	70,000
H. Fue Estate (Scholarship)	86,329
	<u>441,140</u>
Funds held at the Office of the Executive Director	
GEICO (Fellowship and Scholarship)	12,000
P. Kitchens (Scholarship)	4,500
R. Marshall (Scholarship)	2,000
Fellowships - L. Brandt	10,000
	<u>28,500</u>
Total Additions	<u>\$ 4,658,700</u>
Deductions	
Net Transfer to Office of Executive Director	1,420,988
Trustee Fees	69,895
Total Deductions	<u>1,490,883</u>
Balance on July 31, 2023	<u><u>\$ 38,856,621</u></u>
<u>Investments held by Fidelity Investments</u>	
Balance on July 31, 2022	\$ 5,733
Additions	
Dividends Earned on Investments	95
Net Gain on Investments	650
Total Additions	<u>745</u>
Withdrawals	<u>-</u>
Balance on July 31, 2023	<u><u>\$ 6,478</u></u>

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Investments held by T. Rowe Price

Balance on July 31, 2022	\$ 5,510
Additions	
Dividends Earned on Investments	82
Net Gain on Investments	623
Deposits	-
Total Additions	<u>705</u>
Withdrawals	<u>-</u>
Balance on July 31, 2023	<u><u>\$ 6,215</u></u>

Total Tau Beta Pi Investments as of July 31, 2023

Balance on July 31, 2022	\$ 35,700,047
Additions	4,660,150
Deductions	<u>1,490,883</u>
Balance on July 31, 2023	<u><u>\$ 38,869,314</u></u>

Assets Held by Vanguard as of July 31, 2023

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
190,736.21	Vanguard Core Bond Fund Admiral	3,412,272
44,194.89	Vanguard Equity Income Fund Admiral	3,881,196
19,914.23	Vanguard Explorer Fund Admiral	2,003,172
62,547.10	Vanguard International Growth Fund Admiral	6,748,207
160,990.71	Vanguard International Value Fund	6,697,213
328,798.24	Vanguard PRIMECAP Core Fund	10,403,176
29,502.77	Vanguard U.S. Growth Fund Admiral Shares	4,084,658
	Vanguard Cash	
1,626,727.60	Vanguard Federal Money Market Fund	<u>1,626,727</u>
	Total Vanguard Investments	<u><u>\$ 38,856,621</u></u>

Assets Held by Fidelity as of July 31, 2023

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
40.646	Fidelity 500 Index Fund (FXAIX)	\$ 6,477
1.050	Fidelity Cash (SPAXX)	<u>1</u>
	Total Fidelity Investments	<u><u>\$ 6,478</u></u>

Assets Held by T. Rowe Price as of July 31, 2023

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
51.456	T. Rowe Equity Index 500 (PREIX)	\$ 6,215
	Total T. Rowe Price Investments	<u><u>\$ 6,215</u></u>

Total Tau Beta Pi Investments as of July 31, 2023	<u><u>\$ 38,869,314</u></u>
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