

THE TAU BETA PI ASSOCIATION, INC.

Financial Statements and Supplementary Information

July 31, 2024 and 2023

(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, 2024 and 2023, 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, 2024 and 2023, 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.

LBMCP

Knoxville, Tennessee
September 24, 2025

THE TAU BETA PI ASSOCIATION, INC.

Statements of Financial Position

July 31, 2024 and 2023

Assets

	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 770,369	\$ 674,087
Investments	1,374,297	1,909,072
Accounts receivable		
Chapters	-	6,503
Student loans	18,078	13,078
Pledges expected to be received within one year, net	146,500	138,641
The Bent life subscription installments	3,377	3,402
Trust contribution	25,000	25,000
Other	<u>11,357</u>	<u>7,421</u>
Total receivables	204,312	194,045
Inventory	102,746	105,012
Prepaid expenses	<u>65,667</u>	<u>50,012</u>
Total current assets	2,517,391	2,932,228
Pledges expected to be received after one year, net	109,609	138,905
Property and equipment, net	69,713	85,742
Investments Board Designated and		
Endowment	41,217,505	36,960,242
Beneficial interest in assets held by others	<u>1,970,595</u>	<u>1,591,304</u>
Total assets	<u>\$ 45,884,813</u>	<u>\$ 41,708,421</u>

See accompanying notes to the financial statements.

THE TAU BETA PI ASSOCIATION, INC.

Statements of Financial Position

July 31, 2024 and 2023

Liabilities and Net Assets

	<u>2024</u>	<u>2023</u>
Current liabilities:		
Accounts payable		
Chapters	\$ 90,696	\$ 74,737
Laureate awards	16,000	14,000
Fellowship and scholarship stipends	808,250	859,000
Other	<u>42,331</u>	<u>63,752</u>
Total accounts payable	957,277	1,011,489
Accrued expenses	102,833	156,982
Annuity payable, current portion	33,037	33,037
Deferred convention revenue	109,140	187,725
Deferred The Bent subscription revenue, current portion	<u>87,440</u>	<u>87,102</u>
Total current liabilities	1,289,727	1,476,335
Deferred The Bent subscription revenue, net of the current portion	113,606	114,145
The Bent life subscriptions	957,191	982,183
Annuity payable, non-current portion	<u>122,135</u>	<u>131,275</u>
Total liabilities	<u>2,482,659</u>	<u>2,703,938</u>
Net assets:		
Without donor restrictions:		
Undesignated	214,054	452,692
Board-designated	22,060,664	19,816,453
With donor restrictions	<u>21,127,436</u>	<u>18,735,338</u>
Total net assets	<u>43,402,154</u>	<u>39,004,483</u>
Total liabilities and net assets	<u>\$ 45,884,813</u>	<u>\$ 41,708,421</u>

See accompanying notes to the financial statements.

THE TAU BETA PI ASSOCIATION, INC.

Statements of Activities

Year Ended July 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and gain on investments:			
Initiation and chapter fees and fines	\$ 255,139	\$ -	\$ 255,139
Chapter and individual sales	169,398	-	169,398
Contributions and bequests	1,847,193	631,690	2,478,883
Annual convention	272,286	-	272,286
The Bent publication	93,933	-	93,933
Net life subscription fee transfer	32,162	-	32,162
Miscellaneous	31,650	6,713	38,363
Interest and dividends	853,916	664,763	1,518,679
Net gain on investments	1,834,409	1,294,734	3,129,143
Gain on beneficial interest in assets held by others	-	379,291	379,291
Net assets released from restrictions	<u>585,093</u>	<u>(585,093)</u>	<u>-</u>
Total revenues and gains on investments	<u>5,975,179</u>	<u>2,392,098</u>	<u>8,367,277</u>
Expenses:			
Program services:			
Chapter supplies and operations	468,401	-	468,401
Cost of chapter and individual sales	196,385	-	196,385
Annual convention	751,761	-	751,761
District program	279,239	-	279,239
Engineering futures program	47,425	-	47,425
Greater interest in government program	3,121	-	3,121
BULLETIN publication	45,155	-	45,155
Student assistance program	1,495	-	1,495
Laureate program	22,356	-	22,356
Advisor program	43,613	-	43,613
The Bent publication	424,615	-	424,615
Fellowship and scholarship program	874,089	-	874,089
Alumnus program	113,397	-	113,397
Alumnus recognition program	6,317	-	6,317
K-12 mindset program	19,262	-	19,262
Student loan program	<u>5,481</u>	<u>-</u>	<u>5,481</u>
Total program services	<u>3,302,112</u>	<u>-</u>	<u>3,302,112</u>
Supported services:			
General and administrative	346,797	-	346,797
Alumni giving program	<u>320,697</u>	<u>-</u>	<u>320,697</u>
Total supported services	<u>667,494</u>	<u>-</u>	<u>667,494</u>
Total expenses	<u>3,969,606</u>	<u>-</u>	<u>3,969,606</u>
Change in net assets	2,005,573	2,392,098	4,397,671
Net assets at beginning of year	<u>20,269,145</u>	<u>18,735,338</u>	<u>39,004,483</u>
Net assets at end of year	<u>\$ 22,274,718</u>	<u>\$ 21,127,436</u>	<u>\$ 43,402,154</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 loss 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
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	<u>3,229,818</u>	<u>-</u>	<u>3,229,818</u>
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 Cash Flows

Years Ended July 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ <u>4,397,671</u>	\$ <u>3,196,106</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net life subscription fee transfer	(24,992)	(34,898)
Net gain on investments	(3,129,143)	(2,264,259)
Depreciation	27,060	16,159
Change in value of beneficial interest in assets held by others	(379,291)	(99,215)
Contributions with donor restrictions received	(631,690)	(542,141)
Change in operating assets and liabilities:		
Accounts receivable	41,730	188,204
Inventory	2,266	(37,447)
Prepaid expenses	(15,655)	33,370
Accounts payable	(81,413)	68,924
Accrued expenses	(49,649)	66,273
Deferred convention revenue	(78,585)	(125,530)
Deferred The Bent subscription revenue	(201)	(2,876)
Annuities payable	<u>(9,140)</u>	<u>(9,659)</u>
Net cash provided by operating activities	<u>68,968</u>	<u>453,011</u>
Cash flows from investing activities:		
Proceeds from sale of investments	(1,457,153)	(1,832,163)
Payments for purchase of investments	863,808	927,155
Payments for purchase of equipment	<u>(11,031)</u>	<u>(16,175)</u>
Net cash used by investing activities	<u>(604,376)</u>	<u>(921,183)</u>
Cash flows for financing activities:		
Proceeds from contributions with donor restrictions received	<u>631,690</u>	<u>542,141</u>
Net cash provided by financing activities	<u>631,690</u>	<u>542,141</u>
Increase in cash and cash equivalents	96,282	73,969
Cash and cash equivalents at beginning of year	<u>674,087</u>	<u>600,118</u>
Cash and cash equivalents at end of year	<u>\$ 770,369</u>	<u>\$ 674,087</u>

See accompanying notes to the financial statements.

THE TAU BETA PI ASSOCIATION, INC.

Statement of Functional Expenses

Year Ended July 31, 2024

	Program Services					Supporting Services			Total Association Expenses	
	Award Programs	Chapter and Member Programs	Convention	Publications	Fellowships and Scholarships	Total Program Activities	Administrative Support	Fundraising		Total Supporting Activities
Salaries and wages	\$ 12,258	\$ 484,808	\$ 165,485	\$ 193,066	\$ 55,162	\$ 910,779	\$ 186,324	\$ 128,710	\$ 315,034	\$ 1,225,813
Sales, services, and supplies	19,494	389,582	42,828	56,092	18,477	526,473	81,750	37,867	119,617	646,090
Travel and meetings	11,861	243,889	539,518	-	-	795,268	72,393	-	72,393	867,661
Printing and shipping	-	39,234	3,930	220,613	-	263,777	6,330	154,120	160,450	424,227
Grants to others	-	5,365	-	-	800,450	805,815	-	-	-	805,815
	<u>\$ 43,613</u>	<u>\$ 1,162,878</u>	<u>\$ 751,761</u>	<u>\$ 469,771</u>	<u>\$ 874,089</u>	<u>\$ 3,302,112</u>	<u>\$ 346,797</u>	<u>\$ 320,697</u>	<u>\$ 667,494</u>	<u>\$ 3,969,606</u>

See accompanying notes to the financial statements.

THE TAU BETA PI ASSOCIATION, INC.

Statement of Functional Expenses

Year Ended July 31, 2023

	Program Services					Supporting Services			Total Association Expenses	
	Award Programs	Chapter and Member Programs	Convention	Publications	Fellowships and Scholarships	Total Program Activities	Administrative Support	Fundraising		Total Supporting Activities
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.

Notes to the Financial Statements

July 31, 2024 and 2023

(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 standard

In June 2016, the Financial Accounting Standards Board Accounting Standard Codification (ASC) issued guidance *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASC 326") which defines how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under ASC 326, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in ASC 326 are trade accounts receivable.

The Association adopted the standard effective August 1, 2023. The impact of the adoption was not material to the financial statements and primarily resulted in enhanced disclosures only.

(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.

THE TAU BETA PI ASSOCIATION, INC.

Notes to the Financial Statements

July 31, 2024 and 2023

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. Pledges receivable are net of discounts of \$106,391 and \$111,454 at July 31, 2024 and 2023, respectively. The Association used discount rates ranging from 2.9% to 9.4% to reflect the present value of expected future payments due after one year. 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, 2024 are due within five years. Allowance for uncollectible pledges receivable is \$52,000 at July 31, 2024 and 2023. There was no allowance for uncollectible pledges receivable at July 31, 2022.

(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.

THE TAU BETA PI ASSOCIATION, INC.

Notes to the Financial Statements

July 31, 2024 and 2023

(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. Net gain on investments in the statements of activities includes realized and unrealized gains and losses. Investment income is recorded on the accrual basis and considered without donor restrictions unless specifically restricted by the donor.

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.

(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, 2024 and 2023 amounted to \$27,060 and \$16,159, 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 are deferred and recognized as revenue in the period that the convention occurs.

THE TAU BETA PI ASSOCIATION, INC.

Notes to the Financial Statements

July 31, 2024 and 2023

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, 2023</u>	<u>Revenue Recognized in 2024</u>	<u>Cash Received in Advance of Performance</u>	<u>Balance at July 31, 2024</u>
\$ 1,371,155	\$ (141,145)	\$ 37,367	\$ 1,267,377

<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

(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 \$39,122 and \$38,268 for the years ending July 31, 2024 and 2023, 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.

THE TAU BETA PI ASSOCIATION, INC.

Notes to the Financial Statements

July 31, 2024 and 2023

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, 2024 or 2023.

(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 credit losses

The allowance for credit losses 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 forecasted conditions, and charges off uncollectible receivables when all attempts to collect have failed.

(p) Reclassifications

Certain reclassifications have been made to the 2023 financial statements in order for them to conform to the 2024 presentation. These reclassifications have no effect on change of net assets or net assets previously reported.

THE TAU BETA PI ASSOCIATION, INC.

Notes to the Financial Statements

July 31, 2024 and 2023

(q) 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 market conditions could significantly affect these estimates.

(r) 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.

(s) Subsequent events

The Association has performed an analysis of the activities and transactions subsequent to July 31, 2024 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended July 31, 2024. Management has performed their analysis through September 24, 2025, 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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 770,369	\$ 674,087
Investments	1,374,297	1,909,072
Pledges expected to be received within one year	146,500	138,641
Chapter receivables	-	6,503
Total financial assets	<u>\$ 2,291,166</u>	<u>\$ 2,728,303</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.

THE TAU BETA PI ASSOCIATION, INC.

Notes to the Financial Statements

July 31, 2024 and 2023

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 \$22,060,664 and \$19,816,453 as of July 31, 2024 and 2023, 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.

(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 TAU BETA PI ASSOCIATION, INC.

Notes to the Financial Statements

July 31, 2024 and 2023

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), which 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 following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of July 31, 2024 and 2023:

Fair Value Measurements as of July 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Mutual funds:				
Equity	\$ 36,988,926	\$ -	\$ -	\$ 36,988,926
Fixed income	3,543,724	-	-	3,543,724
Money market	<u>2,059,152</u>	<u>-</u>	<u>-</u>	<u>2,059,152</u>
Total mutual funds	42,591,802	-	-	42,591,802
Beneficial interest:				
Beneficial interest in trust	<u>-</u>	<u>1,970,595</u>	<u>-</u>	<u>1,970,595</u>
Total	\$ <u>42,591,802</u>	\$ <u>1,970,595</u>	\$ <u>-</u>	\$ <u>44,562,397</u>

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	38,869,314	-	-	38,869,314
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>

THE TAU BETA PI ASSOCIATION, INC.

Notes to the Financial Statements

July 31, 2024 and 2023

The following schedule summarizes the investment income (loss) in the statements of activities for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 1,518,679	\$ 1,916,120
Realized gain (loss) on investments	92	(103)
Unrealized gain on marketable securities	3,203,689	2,334,257
Investment fees	<u>(74,638)</u>	<u>(69,895)</u>
	<u>\$ 4,647,822</u>	<u>\$ 4,180,379</u>

(5) Net assets

A summary of the nature and amounts of net assets with donor restrictions as of July 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose or passage of time:		
Beneficial interest in perpetual trust	\$ 1,970,595	\$ 1,591,304
Various fellowship funds	315,695	344,695
Various scholarship funds	<u>293,560</u>	<u>305,682</u>
	<u>2,579,850</u>	<u>2,241,681</u>
Endowment subject to spending policy and appropriation:		
Various scholarship funds	8,024,544	7,310,160
Various fellowship funds	2,325,004	2,107,227
General fund	37,076	33,164
Chapter endowment	6,836,110	5,973,132
District endowment	117,733	87,420
Engineering futures	53,676	48,013
Luchini convention chair fund	57,432	-
McDonald mentor award	89,823	82,432
Student assistance fund	132,887	118,865
Petitioner's support fund	32,489	29,061
Professional development fund	<u>164,396</u>	<u>128,292</u>
	<u>17,871,170</u>	<u>15,917,766</u>
Not subject to spending policy or appropriation:		
Various scholarship and fellowship funds	<u>676,416</u>	<u>575,891</u>
Total net assets with donor restrictions	<u>\$ 21,127,436</u>	<u>\$ 18,735,338</u>

THE TAU BETA PI ASSOCIATION, INC.

Notes to the Financial Statements

July 31, 2024 and 2023

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 \$585,093 and \$751,505 during the years ended July 31, 2024 and 2023, respectively.

A summary of board-designated net assets as of July 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
The Bent life subscription	\$ 952,839	\$ 995,649
Future conventions	2,649,729	2,531,186
Program development	93,938	84,001
Engineering futures	272,971	250,000
GIG chapter project	53,103	47,500
Fellowships and scholarships	14,668,383	13,225,096
Student loans	264,312	237,803
Gift annuity	168,547	154,800
Chapter endowment initiative	2,373,132	1,581,356
Other program support	467,826	622,074
K-12 mindset program	<u>95,884</u>	<u>86,988</u>
	<u>\$ 22,060,664</u>	<u>\$ 19,816,453</u>

(6) Endowment

The Association's endowment consists of 34 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:

THE TAU BETA PI ASSOCIATION, INC.

Notes to the Financial Statements

July 31, 2024 and 2023

- (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.

Changes in Endowment Net Assets for the years ended July 31, 2024 and 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, July 31, 2022	\$ -	\$ 14,351,940	\$ 14,351,940
Investment return:			
Interest and dividends	-	724,687	724,687
Net gain on investments	-	922,739	922,739
Trustee fee	-	(27,646)	(27,646)
Total investment return	-	1,619,780	1,619,780
Contributions and bequests	-	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	-	15,917,766	15,917,766
Investment return:			
Interest and dividends	-	584,983	584,983
Net gain on investments	-	1,245,146	1,245,146
Trustee fees	-	(29,964)	(29,964)
Total investment return	-	1,800,165	1,800,165
Contributions and bequests	-	622,252	622,252
Transfers	-	(9,680)	(9,680)
Appropriation of endowment assets for expenditure	-	(105,000)	(105,000)
Expenses	-	(354,333)	(354,333)
Endowment net assets, July 31, 2024	\$ -	\$ 17,871,170	\$ 17,871,170

THE TAU BETA PI ASSOCIATION, INC.

Notes to the Financial Statements

July 31, 2024 and 2023

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.

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, 2024 or 2023. 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 \$35,414 and \$37,351 for the years ended July 31, 2024 and 2023, respectively.

THE TAU BETA PI ASSOCIATION, INC.

Notes to the Financial Statements

July 31, 2024 and 2023

(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, 2024 and 2023, the present value of these payments was \$37,063 and \$39,326 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, 2024 and 2023, the present value of these payments was \$33,822 and \$35,728 using a discount rate of 3.0%.

The Association entered into an agreement on October 30, 2018, in which it received assets from an individual and in turn is required to pay the donor \$1,775 quarterly during his lifetime. These assets are recognized at their fair value at the time of their receipt. The value of these assets received was \$100,000. The value of the annuity payable is the actuarial present value of the obligation based on terms of the annuity, including the donor's present age. As of July 31, 2024 and 2023, the present value of these payments was \$39,979 and \$42,196 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, 2024 and 2023, the present value of these payments was \$44,308 and \$47,062 using a discount rate of 0.6%.

Schedule 1

The Tau Beta Pi Association
 Analysis of Fellowship Program
 Year Ended July 31, 2024

Fife Fellowships/Scholarships

Balance July 31, 2023	\$ 128,871
Less:	
Fellowship Stipends Paid in 2023-24	<u>(50,000)</u>
Balance	\$ 78,871
Received During 2023-24 from William Fife Trust No. 1	<u>61,999</u>
Balance Available for Distribution on July 31, 2024	\$ 140,870
Fellowships to Be Paid During 2024-25 to:	
Tau Beta Pi-James Fife Fellows No. 245-250	(60,000)
Tau Beta Pi-James Fife Fellow No. 251 Deferred to 2025-26	<u>10,000</u>
Held for Fellowships/Scholarships to Be Paid During 2025-26	<u>\$ 90,870</u>

Regular Fellowships

Balance on July 31, 2023	\$ 280,000
Tau Beta Pi-Record Fellow No. 40 (Clausman) Deferral to 2024-25	10,000
Less: Stipends Paid in 2023-24	<u>(280,000)</u>
Balance on July 31, 2024	<u>\$10,000</u>
Allocated from Alumnus Contributions and Matching Gifts and Fellowship Fund Earnings for 2024-25 Awards	\$ 240,000
Fellowship Deferral to Be Paid in 2024-25 (TBP-Record No. 40)	<u>10,000</u>
Balance on July 31, 2024	<u>\$ 250,000</u>

Regular Fellowships to Be Paid During 2024-25:

TBP-Anderson Fellow No. 23	\$10,000	TBP-Spencer Fellow No. 69	10,000
TBP-Anderson Fellow No. 24	10,000	TBP-Stark Fellow No. 45	10,000
TBP-Brandt Fellow No. 3	10,000	TBP-Stark Fellow No. 46	10,000
TBP-Centennial Fellow No. 39	(w/o stipend)	TBP-Swalin Fellow No. 8	10,000
TBP-Dodson Fellow No. 11	10,000	TBP-Tau Beta Pi Fellow No. 843	10,000
TBP-Forge Fellow No. 12	10,000	TBP-Tau Beta Pi Fellow No. 844	10,000
TBP-Hanley Fellow No. 13	10,000	TBP-Tau Beta Pi Fellow No. 845	10,000
TBP-Hennis Fellow No. 5	10,000	TBP-Tau Beta Pi Fellow No. 846	10,000
TBP-King Fellow No. 63	10,000	TBP-Tau Beta Pi Fellow No. 847	10,000
TBP-Matthews Fellow No. 27	10,000	TBP-Tau Beta Pi Fellow No. 848	10,000
TBP-Nagel Fellow No. 27	10,000	TBP-Tau Beta Pi Fellow No. 840	10,000
TBP-Record Fellow No. 40 (defer)	10,000	TBP-Williams Fellow No. 45	10,000
TBP-Sigma Tau Fellow No. 50	10,000	TBP-Zimmerman Fellow No. 13	10,000
			\$ 250,000

See Independent Auditors' Report

Schedule 2
The Tau Beta Pi Association, Inc.
Collegiate Chapter Accounts Receivable
July 31, 2024

Chapter	Debit	Credit	Notes	Chapter	Debit	Credit	Notes
AK Alpha	12	-		CO Beta	648	-	
AL Alpha	30	-		CO Delta	-	(1,221)	
AL Beta	-	(2,073)		CO Epsilon	-	(430)	
AL Delta	28	-		CO Gamma	-	(427)	
AL Epsilon	-	-		CO Zeta	909	-	
AL Gamma	-	(154)		CT Alpha	-	-	
AR Alpha	-	(1,498)		CT Beta	937	-	
AR Beta	-	(619)		CT Gamma	35	-	
AZ Alpha	70	-		DC Alpha	868	-	
AZ Beta	1,963	-		DC Beta	-	(520)	
AZ Delta	-	-		DC Gamma	-	-	
AZ Gamma	-	(113)		DE Alpha	-	(983)	
CA Alpha	45	-		FL Alpha	-	(2,895)	
CA Alpha Alpha	629	-		FL Beta	35	-	
CA Alpha Beta	-	(2,068)		FL Delta	1,290	-	
CA Alpha Delta	-	(4,261)		FL Epsilon	-	(3,221)	
CA Alpha Epsilon	-	(61)		FL Eta	-	(1,044)	
CA Alpha Gamma	-	-		FL Gamma	-	-	
CA Beta	-	(1,373)		FL Iota	-	(3,186)	
CA Chi	-	(758)		FL Theta	-	(455)	
CA Delta	-	(936)		FL Zeta	-	(292)	
CA Epsilon	850	-		GA Alpha	13	-	
CA Eta	-	(78)		GA Beta	-	-	
CA Gamma	7,052	-		GA Delta	-	(1,115)	
CA Iota	1,233	-		GA Gamma	-	(385)	
CA Kappa	39	-		IA Alpha	-	(394)	
CA Lambda	-	(28)		IA Beta	-	(700)	
CA Mu	60	-		ID Alpha	-	-	
CA Nu	-	(9,699)		ID Beta	-	(158)	
CA Omega	8	-		ID Delta	-	-	
CA Omicron	-	-		ID Gamma	1,135	-	
CA Phi	513	-		IL Alpha	-	(3,010)	
CA Psi	-	(373)		IL Beta	1,673	-	
CA Rho	-	(156)		IL Delta	-	-	
CA Sigma	1,865	-		IL Epsilon	-	-	
CA Tau	-	(2,491)		IL Gamma	905	-	
CA Theta	-	(1,590)		IL Zeta	585	-	
CA Upsilon	-	(495)		IN Alpha	33	-	
CA Xi	1,825	-		IN Beta	-	-	
CA Zeta	-	(1,913)		IN Delta	-	(55)	
CO Alpha	3,723	-		IN Epsilon	-	(300)	
IN Gamma	865	-		MO Alpha	12	-	
IN Zeta	191	-		MO Beta	1,910	-	
KS Alpha	34	0		MO Delta	28	-	
KS Beta	28	-		MO Epsilon	248	-	
KS Gamma	-	-		MO Gamma	-	(18)	
KY Alpha	1,023	-		MS Alpha	1,900	-	
KY Beta	26	-		MS Beta	-	-	
KY Gamma	1,490	-		MT Alpha	-	-	
LA Alpha	23	-		MT Beta	1,361	-	
LA Beta	532	-		NC Alpha	-	(1,352)	
LA Delta	-	-		NC Delta	16	-	
LA Epsilon	24	-		NC Epsilon	45	-	
LA Gamma	632	-		NC Eta	24	-	
MA Alpha	30	-		NC Gamma	826	-	
MA Beta	2,265	-		NC Zeta	-	-	
MA Delta	-	(1,287)		ND Alpha	-	-	
MA Epsilon	-	-		ND Beta	12	-	
MA Eta	-	-		NE Alpha	-	-	
MA Iota	-	(370)		NH Alpha	-	(13)	
MA Kappa	-	(40)		NH Beta	28	-	
MA Theta	485	-		NJ Alpha	16	-	
MA Zeta	25	-		NJ Beta	12	-	
MD Alpha	5	-		NJ Delta	41	-	
MD Beta	1,058	-		NJ Epsilon	42	-	
MD Delta	-	(68)		NJ Gamma	7	-	
MD Epsilon	-	(217)		NJ Zeta	22	-	
MD Gamma	58	-		NM Alpha	-	-	
ME Alpha	-	-		NM Beta	35	-	
MI Alpha	-	(218)		NM Gamma	246	-	
MI Beta	329	-		NV Alpha	8	-	
MI Delta	438	-		NV Beta	420	-	
MI Epsilon	-	(395)		NY Alpha	-	(2,313)	
MI Eta	356	-		NY Beta	-	-	
MI Gamma	-	(1,385)		NY Delta	-	(6,666)	
MI Iota	33	-		NY Eta	57	-	
MI Kappa	-	-		NY Gamma	-	(1,426)	
MI Lambda	32	-		NY Iota	252	-	

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Chapter	Debit	Credit	Notes	Chapter	Debit	Credit	Notes
MI Theta	-	(196)		NY Kappa	-	(85)	
MI Zeta	-	(387)		NY Mu	-	(495)	
MN Alpha	1,206	-		NY Nu	782	-	
MN Beta	35	-		NY Omicron	-	(130)	
NY Pi	-	(105)		QAT Alpha	3,167	-	
NY Rho	-	(818)		RI Alpha	-	-	
NY Sigma	420	-		RI Beta	-	-	
NY Tau	-	(134)		SC Alpha	1,238	-	
NY Theta	-	-		SC Beta	-	(1,510)	
NY Upsilon	-	(689)		SC Gamma	-	-	
NY Xi	-	(2,442)		SD Alpha	854	-	
OH Alpha	-	(2,571)		SD Beta	-	-	
OH Beta	-	-		TN Alpha	-	(119)	
OH Delta	71	-		TN Beta	-	-	
OH Epsilon	287	-		TN Delta	-	-	
OH Eta	-	(1,665)		TN Epsilon	401	-	
OH Gamma	406	-		TN Eta	-	-	
OH Iota	-	-		TN Gamma	-	(33)	
OH Kappa	-	(22)		TN Zeta	26	-	
OH Lambda	14	-		TX Alpha	-	-	
OH Mu	593	-		TX Beta	2,674	-	
OH Nu	167	-		TX Delta	-	(1,073)	
OH Theta	-	(208)		TX Epsilon	-	-	
OH Xi	-	-		TX Eta	556	-	
OH Zeta	67	-		TX Gamma	47	-	
OK Alpha	-	(35)		TX Iota	-	(713)	
OK Beta	471	-		TX Kappa	755	-	
OK Gamma	8	-		TX Lambda	-	-	
OR Alpha	-	(1,092)		TX Mu	355	-	
OR Beta	35	-		TX Nu	-	(788)	
OR Delta	-	(694)		TX Theta	243	-	
OR Gamma	-	-		TX Xi	-	-	
PA Alpha	-	-		TX Zeta	-	(2,036)	
PA Beta	-	(1,485)		UAE Alpha	40	-	
PA Delta	178	-		UT Alpha	-	(1,475)	
PA Epsilon	34	-		UT Beta	-	-	
PA Eta	198	-		UT Gamma	29	-	
PA Gamma	286	-		VA Alpha	408	-	
PA Iota	858	-		VA Beta	26	-	
PA Kappa	10	-		VA Delta	-	-	
PA Lambda	33	-		VA Epsilon	572	-	
PA Mu	-	-		VA Gamma	1,024	-	
PA Theta	16	-		VT Alpha	785	-	
PA Zeta	1,136	-		WA Gamma	249	-	
PR Alpha	2,282	-		VT Beta	-	-	
WA Alpha	-	(952)					
WA Beta	-	(1,678)					
WA Delta	-	(651)					
WI Alpha	36	-					
WI Beta	26	-					
WI Delta	-	(183)					
WI Epsilon	12	-					
WI Gamma	-	(318)					
WV Alpha	-	(59)					
WV Beta	38	-					
WY Alpha	33	-					
Alumni Chapters		(311)					
Totals	\$ 69,748	\$ (92,448)	\$ (22,700)				

Significant debit balances of chapter accounts are explained as follows
Note (1) Chapter reported its Spring 2024 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 2023 and/or Spring 2024 initiation fee
Note (5) Paid a substantial amount or in full after close of fiscal year

Schedule 3
The Tau Beta Pi Association
Analysis of 2023 Convention Revenue and Expenses
Fiscal Year Ended July 31, 2024

Revenue:

Convention assessments for 2023-24 collegiate chapter initiates	\$	178,625
Ticket sales and billed airfares		78,611
Corporate and other gifts		87,796
Convention Fund / Professional Development dividends		99,732
Market gains, realized and unrealized		219,099
		663,863

Expenses:

Collegiate chapter		
Voting delegates		315,091
Non-voting delegates		123,604
Advisors		12,927
Alumni chapter		
Voting delegates		29,337
Association officials		103,412
Award recipients		11,861
Headquarters and Convention officials		24,777
Visitors and guests		3,887
Other program expenses		15,405
Trustee fees		5,108
Allocated share of national headquarters		165,485
		810,894

Excess of expenses over revenue	\$	(147,031)
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Schedule 4
The Tau Beta Pi Association, Inc.
Investment Analysis and Assets Held by the Trustee
Year Ended July 31, 2024

Investments held by Trustee (Tau Beta Pi Trust)

Starting Balances on July 31, 2023	
Balance at Vanguard	38,856,621
Total Balance	\$ 38,856,621
Additions	
Dividends Earned on Investments	1,457,153
Net Gain on Investments	3,203,781
	4,660,934
Capital Gifts (donations directly to trust)	
J. Horn (General)	597
J. Arnold (general)	19,719
J. Williams (CEI PA B)	5,301
R. Ayres (CEI TX E)	10,389
	36,006
Funds received at the Office of the Executive Director and sent to the trust	
H. Fue (Scholarships)	10,619
P. Kitchens (Undesignated)	209,621
Chapter Endowment Contributions (29)	314,000
R. Pasadyn (Scholarship)	12,500
Long-Term Pledge Payments Received (9)	91,500
H. Houh (Memorial Scholarship)	45,000
S. Steadman (Scholarship)	6,251
D. Grigsby (Scholarship)	50,000
J. Lugannani (Scholarship)	55,000
D. White (District)	20,000
J. Rushing (Scholarship)	45,000
T. Fewell (Undesignated)	125,415
R. Leininger (Undesignated)	199,303
J. Thomsen Trust (Undesignated)	75,000
	1,259,209
Funds held at the Office of the Executive Director	
N. Gonofrio (DEI Designated)	5,000
T. Crane (EF)	10,000
L. Brandt (Fellowship)	10,000
K. Elovitz (Scholarship) - For Immediate Use (2 Years)	4,000
J. Rushing (Scholarship) - For Immediate Use (3 Years)	6,000
J. Schmuhl (Professional development for immediate use)	25,000
M. Shakun (Scholarship)	4,000
C. Frazier (Scholarship)	2,000
	66,000
Total Additions	\$ 6,022,149
Deductions	
Net Transfer to Office of Executive Director	2,227,820
Trustee Fees	74,638
Total Deductions	2,302,458
Balance on July 31, 2024	\$ 42,576,312

See Independent Auditors' Report

Investments held by Fidelity Investments

Balance on July 31, 2023	\$ 6,478
Additions	
Dividends Earned on Investments	100
Net Gain on Investments	1,335
Total Additions	<u>1,435</u>
Withdrawals	<u>-</u>
Balance on July 31, 2024	<u>\$ 7,913</u>

Investments held by T. Rowe Price

Balance on July 31, 2023	\$ 6,215
Additions	
Dividends Earned on Investments	87
Net Gain on Investments	1,275
Deposits	-
Total Additions	<u>1,362</u>
Withdrawals	<u>-</u>
Balance on July 31, 2024	<u>\$ 7,577</u>

Total Tau Beta Pi Investments as of July 31, 2024

Balance on July 31, 2023	\$ 38,869,314
Additions	6,024,946
Deductions	2,302,458
Balance on July 31, 2024	<u>\$ 42,591,802</u>

Assets Held by Vanguard as of July 31, 2024

<u>Shares</u>	<u>Mutual Fund</u>	
195,145.68	Vanguard Core Bond Fund Admiral	\$ 3,528,234
47,844.09	Vanguard Equity Income Fund Admiral	4,438,975
20,095.65	Vanguard Explorer Fund Admiral	2,245,287
63,762.47	Vanguard International Growth Fund Admiral	7,083,373
165,583.61	Vanguard International Value Fund	7,038,959
326,084.46	Vanguard PRIMECAP Core Fund	11,631,433
26,540.50	Vanguard U.S. Growth Fund Admiral Shares	4,550,899
	Vanguard Cash	
1,626,727.60	Vanguard Federal Money Market Fund	2,059,152
	Total Vanguard Investments	<u>\$ 42,576,312</u>

Assets Held by Fidelity as of July 31, 2024

<u>Shares</u>	<u>Mutual Fund</u>	
41.231	Fidelity 500 Index Fund (FXAIX)	\$ 7,912
1.050	Fidelity Cash (SPAXX)	\$ 1
	Total Fidelity Investments	<u>\$ 7,913</u>

Assets Held by T. Rowe Price as of July 31, 2024

<u>Shares</u>	<u>Mutual Fund</u>	
52.137	T. Rowe Equity Index 500 (PREIX)	\$ 7,577
	Total T. Rowe Price Investments	<u>\$ 7,577</u>

Total Tau Beta Pi Investments as of July 31, 2024	<u>\$ 42,591,802</u>
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