

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

**FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION**  
July 31, 2018 and 2017

THE TAU BETA PI ASSOCIATION, INC.  
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July 31, 2018 and 2017

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## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of The Tau Beta Pi Association, Inc., which comprise the statements of financial position as of July 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

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### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tau Beta Pi Association, Inc. as of July 31, 2018 and 2017, 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.

### **Other Matter**

Our 2018 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2018 schedules of analysis of fellowship program, collegiate chapter accounts receivable, analysis of convention revenue and expenses, and investment analysis and assets held by trustee are presented for purposes of additional analysis and 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 audits 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 2018 financial statements as a whole.

  
Crowe LLP

Knoxville, Tennessee  
October 17, 2018

THE TAU BETA PI ASSOCIATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 July 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 551,834	\$ 738,938
Accounts receivable		
Chapters	66,494	91,935
Student loans	20,092	23,564
Pledges receivable, net	299,249	177,500
<i>The Bent</i> life subscription installments	1,707	1,574
Trust contribution	-	200,000
Other	<u>28,170</u>	<u>12,375</u>
	415,712	506,948
Inventory	47,537	54,556
Beneficial interest in assets held by others, current portion (Note 6)	82,424	81,791
Prepaid expenses	<u>27,664</u>	<u>36,007</u>
Total current assets	1,125,171	1,418,240
Furniture and equipment, net of accumulated depreciation of \$113,634 and \$112,068 at July 31, 2018 and 2017, respectively	30,450	9,960
Other assets		
Investments (Note 2)	29,430,630	26,975,072
Beneficial interest in assets held by others, net of current portion (Note 6)	<u>781,151</u>	<u>775,151</u>
	<u>30,211,781</u>	<u>27,750,223</u>
	<u>\$ 31,367,402</u>	<u>\$ 29,178,423</u>

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 July 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable		
Chapters	\$ 5,300	\$ 1,250
Laureate awards	7,000	11,500
Fellowship and scholarship stipends	873,800	797,000
Other	<u>13,719</u>	<u>9,585</u>
	899,819	819,335
Accrued expenses	56,108	56,746
Deferred convention revenue	158,910	137,020
Deferred <i>The Bent</i> subscription revenue, current portion	99,120	99,844
Annuity payable, current portion (Note 7)	<u>19,037</u>	<u>19,037</u>
Total current liabilities	1,232,994	1,131,982
Long-term liabilities		
Deferred <i>The Bent</i> subscription revenue, net of current portion	123,241	126,291
<i>The Bent</i> life subscriptions	1,085,037	1,126,723
Annuity payable, net of current portion (Note 7)	<u>79,353</u>	<u>84,475</u>
	1,287,631	1,337,489
Net assets		
Unrestricted		
Undesignated	347,724	533,234
Designated (Note 3)	8,888,999	8,381,261
Temporarily restricted (Note 3)	11,166,907	10,052,099
Permanently restricted (Note 3)	<u>8,443,147</u>	<u>7,742,358</u>
	<u>28,846,777</u>	<u>26,708,952</u>
	<u>\$ 31,367,402</u>	<u>\$ 29,178,423</u>

See accompanying notes to financial statements.

THE TAU BETA PI ASSOCIATION, INC.  
STATEMENT OF ACTIVITIES  
Years ended July 31, 2018 and 2017

	2018			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
<b>Revenues and gain on investments</b>				
Initiation and chapter fees and fines	\$ 312,203	\$ -	\$ -	\$ 312,203
Chapter and individual sales	184,877	-	-	184,877
Contributions and bequests	1,153,056	11,192	694,156	1,858,404
Annual convention	261,660	-	-	261,660
<i>The Bent</i> publication	143,221	-	-	143,221
Net life subscription fee transfer	47,241	-	-	47,241
Student loan interest	2,229	-	-	2,229
Miscellaneous	11,923	-	-	11,923
Interest and dividends	539,612	914,874	-	1,454,486
Net gain on investments	564,596	896,384	-	1,460,980
Beneficial interest in assets held by others	-	-	6,633	6,633
Net assets released from restrictions (Note 3)	<u>707,642</u>	<u>(707,642)</u>	<u>-</u>	<u>-</u>
Total revenues and gains on investments	<u>3,928,260</u>	<u>1,114,808</u>	<u>700,789</u>	<u>5,743,857</u>
<b>Expenses</b>				
<b>Program services</b>				
Chapter supplies and operations	385,780	-	-	385,780
Cost of chapter and individual sales	160,529	-	-	160,529
Annual convention	575,484	-	-	575,484
District program	238,843	-	-	238,843
Engineering futures program	133,887	-	-	133,887
Greater interest in government program	5,723	-	-	5,723
BULLETIN publication	22,056	-	-	22,056
Student assistance program	2,449	-	-	2,449
Laureate program	11,609	-	-	11,609
Advisor program	24,967	-	-	24,967
<i>The Bent</i> publication	369,821	-	-	369,821
Fellowship and scholarship program	955,165	-	-	955,165
Alumnus program	63,907	-	-	63,907
Student loan program	6,783	-	-	6,783
K-12 mindset program	37,533	-	-	37,533
McDonald mentor program	4,633	-	-	4,633
Total program services	<u>2,999,169</u>	<u>-</u>	<u>-</u>	<u>2,999,169</u>
<b>Support services</b>				
General and administrative	319,754	-	-	319,754
Alumni giving program	287,109	-	-	287,109
Total support services	<u>606,863</u>	<u>-</u>	<u>-</u>	<u>606,863</u>
Total expenses	<u>3,606,032</u>	<u>-</u>	<u>-</u>	<u>3,606,032</u>
Change in net assets	322,228	1,114,808	700,789	2,137,825
Net assets at beginning of year	<u>8,914,495</u>	<u>10,052,099</u>	<u>7,742,358</u>	<u>26,708,952</u>
<b>Net assets at end of year</b>	<u>\$ 9,236,723</u>	<u>\$ 11,166,907</u>	<u>\$ 8,443,147</u>	<u>\$ 28,846,777</u>

See accompanying notes to financial statements.

THE TAU BETA PI ASSOCIATION, INC.  
STATEMENT OF ACTIVITIES  
Years ended July 31, 2018 and 2017

	2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues and gain on investments</b>				
Initiation and chapter fees and fines	\$ 327,685	\$ -	\$ -	\$ 327,685
Chapter and individual sales	183,770	-	-	183,770
Contributions and bequests	1,247,838	338,623	749,557	2,336,018
Annual convention	278,674	-	-	278,674
<i>The Bent</i> publication	171,567	-	-	171,567
Net life subscription fee transfer	37,983	-	-	37,983
Student loan interest	1,232	-	-	1,232
Miscellaneous	12,362	2,000	-	14,362
Interest and dividends	256,628	418,069	-	674,697
Net gain on investments	1,441,158	2,125,793	-	3,566,951
Beneficial interest in assets held by others	-	-	(25,670)	(25,670)
Net assets released from restrictions (Note 3)	<u>597,114</u>	<u>(597,114)</u>	<u>-</u>	<u>-</u>
Total revenues and gains on investments	<u>4,556,011</u>	<u>2,287,371</u>	<u>723,887</u>	<u>7,567,269</u>
<b>Expenses</b>				
<b>Program services</b>				
Chapter supplies and operations	353,581	-	-	353,581
Cost of chapter and individual sales	180,148	-	-	180,148
Annual convention	652,026	-	-	652,026
District program	228,265	-	-	228,265
Engineering futures program	143,126	-	-	143,126
Greater interest in government program	5,143	-	-	5,143
BULLETIN publication	20,229	-	-	20,229
Student assistance program	2,132	-	-	2,132
Laureate program	7,228	-	-	7,228
Advisor program	33,744	-	-	33,744
<i>The Bent</i> publication	352,473	-	-	352,473
Fellowship and scholarship program	875,995	-	-	875,995
Alumnus program	78,805	-	-	78,805
Student loan program	6,682	-	-	6,682
K-12 mindset program	33,448	-	-	33,448
McDonald mentor program	3,820	-	-	3,820
Total program services	<u>2,976,845</u>	<u>-</u>	<u>-</u>	<u>2,976,845</u>
<b>Support services</b>				
General and administrative	259,838	-	-	259,838
Alumni giving program	265,412	-	-	265,412
Total support services	<u>525,250</u>	<u>-</u>	<u>-</u>	<u>525,250</u>
Total expenses	<u>3,502,095</u>	<u>-</u>	<u>-</u>	<u>3,502,095</u>
Change in net assets	1,053,916	2,287,371	723,887	4,065,174
Net assets at beginning of year	<u>7,860,579</u>	<u>7,764,728</u>	<u>7,018,471</u>	<u>22,643,778</u>
<b>Net assets at end of year</b>	<u>\$ 8,914,495</u>	<u>\$ 10,052,099</u>	<u>\$ 7,742,358</u>	<u>\$ 26,708,952</u>

See accompanying notes to financial statements.

THE TAU BETA PI ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
Years ended July 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 2,137,825	\$ 4,065,174
Adjustments to reconcile change in net assets to net cash from operating activities		
Net life subscription fee transfer	(47,241)	(37,983)
Net (gain) on investments	(1,460,980)	(3,566,951)
Net (gain) on disposal of equipment	(938)	(125)
Depreciation	7,122	7,158
Annuity expense	13,915	13,777
Change in value of beneficial interest in assets held by others	(6,633)	25,670
Noncash proceeds from stock donations	(114,576)	(45,970)
Permanently restricted contributions received	(694,156)	(749,557)
Changes in operating assets and liabilities		
Accounts receivable	91,236	(214,203)
Inventory	7,019	(11,039)
Prepaid expenses	8,343	40,184
Accounts payable	80,484	100,150
Accrued expenses	(638)	(1,659)
Deferred convention revenue	21,890	11,010
Deferred <i>The Bent</i> subscription revenue	(3,774)	6,812
<i>The Bent</i> life subscriptions	<u>5,555</u>	<u>4,715</u>
Net cash from operating activities	<u>44,453</u>	<u>(352,837)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	5,083,103	18,557,657
Payments for purchase of investments	(5,963,105)	(18,857,648)
Proceeds from disposal of equipment	938	125
Payments for the purchase of equipment	<u>(27,612)</u>	<u>(4,305)</u>
Net cash from investing activities	<u>(906,676)</u>	<u>(304,171)</u>
<b>Cash flows from financing activities</b>		
Payments on annuity payable	(19,037)	(19,037)
Proceeds from permanently restricted contributions received	<u>694,156</u>	<u>749,557</u>
Net cash from financing activities	<u>675,119</u>	<u>730,520</u>
Net change in cash and cash equivalents	(187,104)	73,512
Cash and cash equivalents at beginning of year	<u>738,938</u>	<u>665,426</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 551,834</u>	<u>\$ 738,938</u>

See accompanying notes to financial statements.

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2018 and 2017

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

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

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

Method of Presentation: 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.

Basis of Presentation: Under FASB ASC 958, the Association's basic financial statements consist of a statement of financial position, a statement of activities and a statement of cash flows. Additionally, net assets and revenues, expenses, gains and losses are classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions.

In accordance with FASB ASC 958, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates in the Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

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

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

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 unrestricted unless specifically restricted by the donor. Realized gains and losses on investment transactions are recorded as the difference between proceeds received and cost, net of any commissions or related management expenses.

Furniture and Equipment: Purchased furniture and equipment are stated at cost. Donations of furniture and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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 restricted support. 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 temporarily restricted net assets to unrestricted net assets 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, 2018 and 2017 amounted to \$7,122 and \$7,158, respectively.

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

The Bent Subscriptions: 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.

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

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

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

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2018 and 2017

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

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, 2018 or July 31, 2017.

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

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

In-Kind Contributions and Expenses: Donated in-kind rent and audit services were received in the current year. The value of these contributions has been recorded as in-kind revenue and expense in the amounts of \$28,470 and \$28,470 for the years ending July 31, 2018 and 2017, respectively. The rental agreement is informal and has an indefinite term.

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

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

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

Subsequent Events: The Association has performed an analysis of the activities and transactions subsequent to July 31, 2018 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended July 31, 2018. Management has performed their analysis through October 17, 2018, the date the financial statements were available to be issued.

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

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2018 and 2017

**NOTE 2 - INVESTMENTS**

The following are the major types of investments held by the Association at July 31, 2018 and 2017:

	2018			2017		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Mutual funds - equity	\$ 15,047,859	\$ 26,524,756	\$11,476,897	\$ 13,528,429	\$ 23,746,662	\$10,218,233
Mutual funds - fixed income	2,001,515	1,985,925	(15,590)	2,352,386	2,609,573	257,187
Money markets	<u>919,949</u>	<u>919,949</u>	<u>-</u>	<u>618,837</u>	<u>618,837</u>	<u>-</u>
	<u>\$ 17,969,323</u>	<u>\$ 29,430,630</u>	<u>\$11,461,307</u>	<u>\$ 16,499,652</u>	<u>\$ 26,975,072</u>	<u>\$10,475,420</u>

**NOTE 3 - RESTRICTED AND ASSOCIATION OR EXECUTIVE COUNCIL DESIGNATED ASSETS**

A summary of restricted net assets as of July 31, 2018 is as follows:

	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>
Fellowships and scholarships	\$ 5,569,545	\$ 10,519,694
Student assistance	35,000	123,453
Petitioning society assistance	-	25,356
McDonald mentor award	-	67,367
Chapter endowment initiative	<u>2,838,602</u>	<u>431,037</u>
	<u>\$ 8,443,147</u>	<u>\$ 11,166,907</u>

A summary of restricted net assets as of July 31, 2017 is as follows:

	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>
Fellowships and scholarships	\$ 5,522,912	\$ 9,609,743
Student assistance	35,000	108,357
Petitioning society assistance	-	21,799
McDonald mentor award	-	62,759
Chapter endowment initiative	<u>2,184,446</u>	<u>249,441</u>
	<u>\$ 7,742,358</u>	<u>\$ 10,052,099</u>

Permanent restrictions represent contributions to endowment funds. Temporary restrictions represent investment return on endowment funds and contributions for fellowships, which have not been awarded in fellowships, scholarships, awards, or student, staffing and programming assistance as of July 31, 2018 and 2017, respectively.

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2018 and 2017

**NOTE 3 - RESTRICTED AND ASSOCIATION OR EXECUTIVE COUNCIL DESIGNATED ASSETS**  
(Continued)

Expenses related to meeting the donor restrictions are presented as unrestricted expenses in the statement of activities, and net assets released are presented as satisfaction of program restrictions. Net assets released from donor restrictions by awarding fellowships, scholarships, awards and student, staffing and programming assistance amounted to \$707,642 and \$597,114 during the years ended July 31, 2018 and 2017, respectively.

A summary of Executive Council designated net assets as of July 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
<i>The Bent</i> life subscriptions	\$ 1,467,279	\$ 1,423,342
Future conventions	2,107,595	1,992,741
Program development	30,000	30,000
Engineering futures	200,000	200,000
GIG chapter project	45,000	45,000
Fellowships and scholarships	4,297,104	3,984,766
Student loans	178,583	162,806
Gift annuity	26,198	38,536
Chapter endowment initiative	160,383	127,390
Other program support	301,857	301,680
K-12 mindset program	<u>75,000</u>	<u>75,000</u>
	<u>\$ 8,888,999</u>	<u>\$ 8,381,261</u>

**NOTE 4 - 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 \$28,014 and \$22,672 for the years ended July 31, 2018 and 2017, respectively.

**NOTE 5 - RELATED PARTY TRANSACTIONS**

The chair of the Association's trust advisory committee was also a trustee appointed according to SEC regulations to represent the shareholders of a mutual fund company in which the Association's trust assets were invested in 2017. As of July 31, 2017, the Association held investments with this mutual fund company totaling \$20,862,469.

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

The Association was identified in a trust agreement whereby the donor irrevocably transferred assets at fair value to a perpetual trust naming the Association as a beneficiary in the income earned on the trust assets. Contributions revenue was recognized in the period in which the trust was established to the extent of the estimated present value of the income to be earned during the life of the assets. Annual income received from the trust must be used to provide fellowships and scholarships to students. Based on a discount rate of 10%, the present value of future benefits expected to be received by the Association was estimated to be \$863,575 and \$856,942 at July 31, 2018 and 2017, respectively.

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2018 and 2017

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**NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS** (Continued)

A summary of expected future collections from the trust agreement as of July 31, 2018 is as follows:

Year ending <u>July 31,</u>	
2019	\$ 82,424
2020	74,611
2021	67,538
2022	61,137
2023	55,342
Thereafter	<u>522,523</u>
	<u>\$ 863,575</u>

**NOTE 7 - CHARITABLE GIFT ANNUITY**

The Association entered into an agreement on August 31, 2007 in which it received assets from an individual and in turn is required to pay the donor's spouse \$13,137 annually during her lifetime. These assets are recognized at their fair value at the time of their receipt. The value of these assets received was \$177,527. 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, 2018 and 2017 the present value of these payments was \$52,248 and \$55,131, respectively, using a discount rate of 6.2%.

The Association entered into an agreement on April 30, 2011 in which it received assets from an individual and in turn is required to pay the donor \$1,475 quarterly during his lifetime. These assets are recognized at their fair value at the time of their receipt. The value of these assets received was \$100,000. The value of the annuity payable is the actuarial present value of the obligation based on terms of the annuity, including the donor's present age. As of July 31, 2018 and 2017 the present value of these payments was \$46,142 and \$48,381, respectively, using a discount rate of 3.0%.

**NOTE 8 - FAIR VALUE MEASUREMENTS**

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

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

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

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

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2018 and 2017

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

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

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

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis as of July 31, 2018 and 2017:

Fair Value Measurements at July 31, 2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Mutual funds - equity	\$ 26,524,756	\$ -	\$ -
Mutual funds - fixed income	1,985,925	-	-
Money markets	919,949	-	-
Beneficial Interest	-	-	863,575
	\$ 29,430,630	\$ -	\$ 863,575

Fair Value Measurements at July 31, 2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Mutual funds - equity	\$ 23,746,662	\$ -	\$ -
Mutual funds - fixed income	2,609,573	-	-
Money markets	618,837	-	-
Beneficial interest	-	-	856,942
	\$ 26,975,072	\$ -	\$ 856,942

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2018 and 2017

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

The table below presents a reconciliation of the asset measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the years ended July 31, 2018 and 2017.

	Fair Value Measurements Using Significant <u>Unobservable Inputs (Level 3)</u>
	Beneficial <u>Interest</u>
Beginning balance, August 1, 2016	\$ 882,612
Total realized and unrealized gains or losses	(25,670)
Transfers in and/or out of Level 3	<u>-</u>
Balance, July 31, 2017	856,942
Total realized and unrealized gains or losses	6,633
Transfers in and/or out of Level 3	<u>-</u>
Ending balance, July 31, 2018	<u>\$ 863,575</u>

**NOTE 9 - ENDOWMENT**

The Association's endowment consists of approximately 30 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts 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 donor-restricted endowment funds:

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

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2018 and 2017

**NOTE 9 - ENDOWMENT** (Continued)

Endowment Net Asset Composition by Type of Fund as of July 31, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted and board-restricted endowment funds	\$ -	\$ 3,114,091	\$ 7,579,572	\$ 10,693,663

Endowment Net Asset Composition by Type of Fund as of July 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted and board-restricted endowment funds	\$ -	\$ 2,478,232	\$ 6,885,416	\$ 9,363,648

Changes in Endowment Net Assets for the years ended July 31, 2018 and 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, August 1, 2016	\$ -	\$ 1,380,584	\$ 6,135,859	\$ 7,516,443
Investment return:				
Investment income	-	201,995	-	201,995
Net depreciation (realized and unrealized)	-	<u>1,139,399</u>	-	<u>1,139,399</u>
Total investment return	-	1,341,394	-	1,341,394
Contributions	-	3,201	749,557	752,758
Appropriation of endowment assets for expenditure	-	<u>(246,947)</u>	-	<u>(246,947)</u>
Endowment net assets, July 31, 2017	-	2,478,232	6,885,416	9,363,648
Investment return:				
Investment income	-	476,211	-	476,211
Net appreciation (realized and unrealized)	-	<u>497,246</u>	-	<u>497,246</u>
Total investment return	-	973,457	-	973,457
Contributions	-	2,000	694,156	696,156
Transfers	-	(61,440)	-	(61,440)
Appropriation of endowment assets for expenditure	-	<u>(278,158)</u>	-	<u>(278,158)</u>
Endowment net assets, July 31, 2018	<u>\$ -</u>	<u>\$ 3,114,091</u>	<u>\$ 7,579,572</u>	<u>\$ 10,693,663</u>

(Continued)

**NOTE 9 - ENDOWMENT** (Continued)

Return Objectives and Risk Parameters: The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. 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 inter-generational 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 donors' desires to make substantial long-term gifts to the community and to develop a new and significant source of revenue for the Association. In so doing, 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 our 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 Policy and How the Investment Objectives Relate to Spending Policy: Distributions from the endowment are according to a spending policy calculated as 5% of the 48 month rolling averaged trust market value. The Association Board of Directors reserves the right to amend or change this spending policy at any time, including the ability to elect to take no distribution in any given year.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Association to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, there were no deficiencies of this nature that are reported in unrestricted net assets July 31, 2018 and July 31, 2017. Deficiencies can result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Directors.

**SUPPLEMENTARY INFORMATION**

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 1 - ANALYSIS OF FELLOWSHIP PROGRAM  
Year ended July 31, 2018

FIFE FELLOWSHIPS/SCHOLARSHIPS

Balance July 31, 2017	\$ 50,137
Less: Fellowship stipends paid in 2017-18	<u>(50,000)</u>
Balance, Held for Fellowships to be paid during 2018-19	137
Received during 2017-18 from William Fife Trust No. 1	<u>56,408</u>
Balance July 31, 2018	56,545
Held for Fellowships to be paid during 2019-20	(6,545)
Fellowships to Be Paid During 2018-19:	
Tau Beta Pi-James Fife Fellows No. 216 - 219	<u>(40,000)</u>
Scholarships to be paid during 2018-19:	
Tau Beta Pi-James Fife Scholars No.24-28	<u>\$ 10,000</u>

REGULAR FELLOWSHIPS

Balance July 31, 2017	\$ 200,000		
Less: Stipends paid 2017-18	<u>(200,000)</u>		
Balance	-		
Allocated from alumnus contributions and matching gifts and fellowship fund earnings for 2018-19 awards	265,000		
Less: Payments made for 2018-19 Fellowships	<u>-</u>		
Balance July 31, 2018	<u>\$ 265,000</u>		
Fellowships to be paid during 2018-19:			
TBP-Anderson Fellow No. 12	\$ 10,000	TBP-Record Fellow No. 11	10,000
TBP-Arm Fellow No. 10	10,000	TBP-Record Fellow No. 12	10,000
TBP-Centennial Fellow No. 33	10,000	TBP-Sigma Tau Fellow No. 44	10,000
TBP-Dodson Fellow No. 5	10,000	TBP-Spencer Fellow No. 63	10,000
TBP-Forge Fellow No. 7	10,000	TBP-Stark Fellow No. 40	10,000
TBP-GEICO Fellow No. 3	10,000	TBP-Swalin Fellow No. 2	10,000
TBP-King Fellow No. 57	10,000	TBP-Tau Beta Pi Fellows 818	10,000
TBP-Mathews Fellow No. 21	10,000	TBP-Tau Beta Pi Fellows 819	10,000
TBP-Nagel Fellow No. 21	10,000	TBP-Tau Beta Pi Fellows 820	10,000
TBP-Record Fellow No. 6	10,000	TBP-Tau Beta Pi Fellows 821	5,000
TBP-Record Fellow No. 7	10,000	TBP-Tau Beta Pi Fellows 822	10,000
TBP-Record Fellow No. 8	10,000	TBP-Williams Fellow No. 39	10,000
TBP-Record Fellow No. 9	10,000	TBP-Zimmerman Fellow No. 7	<u>10,000</u>
TBP-Record Fellow No. 10	10,000		
			<u>\$ 265,000</u>

THE TAU BETA PI ASSOCIATION, INC.  
 SCHEDULE 2 - COLLEGIATE CHAPTER ACCOUNTS RECEIVABLE  
 July 31, 2018

Chapter	Debit	Credit	Notes	Chapter	Debit	Credit	Notes
AL Alpha	\$ 1,230	\$ -	1	LA Epsilon	\$ 445	\$ -	1
AL Delta	278	-	1	MA Alpha	2,895	-	1,2
AZ Gamma	103	-	4	MA Epsilon	1,900	-	1
CA Alpha Epsilon	5	-		MA Iota	5	-	
CA Beta	-	(605)		MA Theta	5	-	
CA Epsilon	864	-	1	MA Zeta	5	-	
CA Eta	315	-	3	MD Epsilon	50	-	
CA Gamma	3,560	-	1,3	MD Gamma	880	-	1
CA Mu	176	-	2	MI Eta	5	-	
CA Nu	2,215	-	2,4	MI Gamma	-	(153)	
CA Omega	999	-	3,4	MI Iota	1,113	-	1,3
CA Phi	5	-		MI Lambda	506	-	1
CA Psi	-	(23)		MI Zeta	2,256	-	1,3
CA Theta	1,191	-	1	MO Delta	275	-	2
CA Xi	3,383	-	2,4	MO Epsilon	5	-	
CA Zeta	550	-	2	MO Gamma	50	-	
CO Alpha	1,815	-	1	MS Alpha	5	-	
CO Zeta	385	-	1	MT Alpha	5	-	
CT Beta	-	(5)		MT Beta	5	-	
CT Gamma	660	-	1	NC Zeta	5	-	
DC Alpha	5,203	-	2,3,4	ND Alpha	-	(480)	
DC Gamma	1,232	-	1,3	NH Alpha	150	-	1
DE Alpha	5	-		NJ Beta	5	-	
FL Alpha	1,708	-	2	NJ Zeta	-	(685)	
FL Beta	866	-	2,4	NM Alpha	41	-	2
FL Delta	-	(165)		NV Alpha	97	-	1,3
FL Gamma	128	-		NV Beta	5	-	
FL Theta	590	-	1	NY Delta	825	-	1
GA Alpha	-	(881)		NY Eta	1,097	-	1
GA Beta	414	-	1	NY Iota	199	-	1
ID Beta	50	-		NY Kappa	2,088	-	2
IL Beta	887	-	4	NY Mu	11	-	2
IN Alpha	-	(1,680)		NY Omicron	-	(50)	
KS Alpha	1,045	-	1	NY Rho	1,108	-	1,2
KY Beta	1,275	-	1	NY Upsilon	958	-	1
LA Alpha	775	-	1	NY Xi	-	(583)	
LA Beta	-	(226)		OH Alpha	1,990	-	1
Alumni Chapters	-	(475)					

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
 SCHEDULE 2 - COLLEGIATE CHAPTER ACCOUNTS RECEIVABLE  
 July 31, 2018

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Chapter	Debit	Credit	Notes
OH Delta	\$ 657	\$ -	4
OH Epsilon	553	-	1
OH Eta	-	(110)	
OH Lambda	1,467	-	1
OK Gamma	53	-	2
OR Beta	5	-	
OR Delta	3,891	-	4
PA Alpha	343	-	1
PA Eta	1,732	-	1,4
PA Lambda	1,071	-	1
PA Zeta		(55)	
PR Alpha	1,829	-	1
RI Alpha	1,053	-	2
SC Beta	-	(30)	
SC Gamma	-	(93)	
SD Alpha	-	(2,145)	
TN Beta	660	-	4
TN Zeta	10	-	
TX Delta	4,604	-	4
TX Kappa	-	(366)	
TX Lambda	2,080	-	4
TX Mu	40	-	
TX Nu	2,945	-	4
VA Beta	5	-	
VA Delta	55	-	
VA Gamma	5	-	
VT Alpha	40	-	
WA Alpha	260	-	2
WA Beta	935	-	4
WI Alpha	-	(50)	
WI Epsilon	495	-	4
WV Alpha	-	(335)	
	<u>\$ 75,689</u>	<u>\$ (9,195)</u>	

Significant debit balances of chapter accounts are explained as follows:

- Note (1) Chapter reported its Spring 2018 initiation late and/or failed to pay initiation fees.
- Note (2) Charge for Graduation Stoles/Honor Cords/Bent Castings/Bent Monument
- Note (3) Poor financial management/no or minimal payments made during fiscal year
- Note (4) Chapter failed to pay Fall 2017 and/or Spring 2018 initiation fees

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 3 - ANALYSIS OF CONVENTION REVENUE AND EXPENSES  
Year ended July 31, 2018

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**2017 Convention**

Revenue

Convention assessments for 2017-18 collegiate chapter initiates	\$ 103,190
Ticket sales and billed airfares	86,199
Corporate and other gifts	77,041
Convention Fund dividends	103,304
Market gains, realized & unrealized	<u>107,867</u>
	<u>477,601</u>

Expenses

Collegiate chapter	
Voting delegates	241,340
Non-voting delegates	78,602
Advisors	13,661
Alumni chapter	-
Voting delegates	19,221
Association officials	87,429
Award recipients	5,299
Headquarters and consultants	16,336
Visitors, guests, and other reimbursed expenses	3,506
Other program expenses	28,350
Trustee fee	1,336
Allocated share of national headquarters	<u>170,788</u>
	<u>665,868</u>

Excess of expenses over revenue \$ (188,267)

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 4 - INVESTMENT ANALYSIS AND ASSETS HELD BY TRUSTEE  
Year Ended July 31, 2018

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<u>Investments held by PNC Bank (Tau Beta Pi Trust)</u>	
Balance on July 31, 2017	\$ 26,965,752
Additions	
Dividends Earned on Investments	1,397,906
Net Gain on Investments	<u>1,461,438</u>
	2,859,344
Capital Gifts (donations directly to trust)	
D. Cowan Stock Gift (iShares S&P 500 Growth)	5,184
J. Arnold Stock Gift (Boeing)	9,850
K. Knox Stock Gift (Crane Co.)	507
R. Alexoff (Disney)	<u>97,253</u>
	112,794
Donations held at the Office of the Executive Director	
Chapter Endowments (60)	432,500
Thomas Berthold (Scholarships)	40,000
Glenn A. Skaggs Estate (Bequest)	207,731
Charles Chatfield Estate (Bequest)	<u>21,578</u>
	701,809
Total Additions	<u>3,673,947</u>
Deductions	
Net Transfer to Office of Executive Director	1,201,809
Trustee Fees	<u>18,078</u>
Total Deductions	<u>1,219,887</u>
Balance on July 31, 2018	<u>\$ 29,419,812</u>
<u>Investments held by Fidelity Investments</u>	
Balance on July 31, 2017	\$ 3,141
Additions	
Dividends Earned on Investments	50
Net Gain on Investments	<u>457</u>
Total Additions	<u>507</u>
Withdrawals	<u>-</u>
Balance on July 31, 2018	<u>\$ 3,648</u>

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
 SCHEDULE 4 - INVESTMENT ANALYSIS AND ASSETS HELD BY TRUSTEE  
 Year Ended July 31, 2018

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<u>Investments held by T. Rowe Price</u>	
Balance on July 31, 2017	\$ 3,042
Additions	
Dividends Earned on Investments	60
Net Gain on Investments	426
Deposits	-
Total Additions	<u>486</u>
Withdrawals	<u>-</u>
Balance on July 31, 2018	<u>\$ 3,528</u>
<u>Investments held by Vanguard</u>	
Balance on July 31, 2017	\$ 3,137
Additions	
Dividends Earned on Investments	60
Net Gain on Investments	445
Deposits	-
Total Additions	<u>505</u>
Withdrawals	<u>-</u>
Balance on July 31, 2018	<u>\$ 3,642</u>
<u>Total Tau Beta Pi Investments as of July 31, 2018</u>	
Balance on July 31, 2017	\$ 26,975,072
Additions	3,675,445
Deductions	<u>1,219,887</u>
Balance on July 31, 2018	<u>\$ 29,430,630</u>

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(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 4 - INVESTMENT ANALYSIS AND ASSETS HELD BY TRUSTEE  
Year Ended July 31, 2018

Assets Held by PNC Bank as of July 31, 2018

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
144,015	DFA Emerging Markets Value Portfolio (DFEVX)	\$ 4,365,108
8,267	Dodge & Cox Stock Fund (DODGX)	1,745,482
-	Harbor Bond Fund (HABDX)	-
43,322	Harbor Capital Appreciation Fund (HNACX)	3,373,956
238,824	Harbor International Growth Fund (HNGFX)	3,821,188
54,275	Harbor International Fund (HNINX)	3,675,519
100,931	Harbor International Small Cap Fund (HAISX)	1,405,964
119,782	Harbor Mid Cap Growth Fund (HNMGX)	1,394,262
65,932	Harbor Mid Cap Value Fund (HNMVX)	1,571,815
60,986	Harbor Real Return Fund (HARRX)	560,462
45,038	Harbor Small Cap Value Fund (HNVRX)	1,710,555
107,040	Harbor Small Cap Growth Fund (HNSGX)	1,713,709
112,314	Harbor Large Cap Value Fund (HNVLX)	1,736,380
144,570	Harbor High-Yield Bond Fund (HHYX)	1,425,463
919,949	PNC Government Money Market Fund (PKIXX)	919,949
	Total PNC Investments	<u>\$ 29,419,812</u>

Assets Held by Fidelity as of July 31, 2018

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
37	Fidelity 500 Index Fund (FUSEX)	\$ 3,647
1	Fidelity Cash	1
	Total Fidelity Investments	<u>\$ 3,648</u>

Assets Held by T. Rowe Price as of July 31, 2018

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
46	T. Rowe Equity Index 500 (PREIX)	\$ 3,528
-	T. Rowe Price Cash	-
	Total T. Rowe Price Investments	<u>\$ 3,528</u>

Assets Held by Vanguard as of July 31, 2018

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
14	Vanguard Total Stock Market Index Fund Admiral Shares (VTSAX)	\$ 3,642
	Total Vanguard Investments	<u>\$ 3,642</u>

Total Tau Beta Pi Investments as of July 31, 2018 \$ 29,430,630