2012 PSPE Chapter Leadership Meeting

CHAPTER FINANCES
Chapter Funds

Show me the money...
Chapter Funds

- Membership dues are primary funding source
  - Typically 75 to 100% of Chapter revenue
- Chapter sets dues amount
- Dues are distributed directly from National to the Chapter account
Chapter Funds

- National mails membership renewals once per year
  - Changes typically due to National from the States by August for next calendar year.
  - Chapter Dues changes due to PSPE, for transmission to National by July for next calendar year.
Chapter Funds

- National requesting States to consider a single or unified (simplified) dues structure for Chapters
- PSPE analyzed Pennsylvania situation and recommended a tiered system:
  - $15,
  - $25, or
  - $40
Chapter Funds

- PSPE is requesting that any Chapters considering a Dues change, consider one of the three price points:
  - $15,
  - $25, or
  - $40.

- Simplified dues can lead to reduced membership processing costs
Chapter Budget

Yes, you should have one, update it regularly and share it with the membership.
Chapter Budget

- Should be established and updated annually
- Can be based on a calendar year or program year.
  - NSPE and PSPE budgets are calendar year based
- Should reflect all revenues and expenses
- Should be consistent with Chapter Program
Chapter Budget

- Sample Budget Format.
  - Available via email upon request.

- Suggestions
  - Each ‘event’ should have separate budget
  - Event revenue (attendance) should be based on historical trends or no more than 10 to 20% of membership
# Budget Worksheet

**Chapter**
Pennsylvania Society of Professional Engineers

## REVENUES

<table>
<thead>
<tr>
<th>Account No.</th>
<th>Description</th>
<th>2006-07 Actual</th>
<th>2007-08 Budget</th>
<th>2008-09 Projected</th>
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<tbody>
<tr>
<td></td>
<td>Dues</td>
<td></td>
<td></td>
<td>$0.00</td>
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<tr>
<td></td>
<td>Interest Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Meetings</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Mathcounts</td>
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<tr>
<td></td>
<td>Newsletter/Advertising</td>
<td></td>
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<tr>
<td></td>
<td>Miscellaneous</td>
<td></td>
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<tr>
<td></td>
<td>Other</td>
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<tr>
<td></td>
<td>Other</td>
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</tr>
</tbody>
</table>

**Total Revenue**

|                | $0.00 | $0.00 | $0.00 |

## EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Meetings</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mathcounts</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Newsletter/Advertising</td>
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<td></td>
<td>Facilities/Kent</td>
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<td>Mailing</td>
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<tr>
<td></td>
<td>Officer Expenses</td>
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</tr>
<tr>
<td></td>
<td>Awards</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Donations/Honorarium</td>
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</tr>
<tr>
<td></td>
<td>Miscellaneous</td>
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<td></td>
<td>Other</td>
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<tr>
<td></td>
<td>Other</td>
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</tr>
</tbody>
</table>

**Total Expenses**

|                | $0.00 | $0.00 | $0.00 |

**Net Revenue (Loss)**

|                | $0.00 | $0.00 | $0.00 |

## Financial Statement

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Cash in Bank</th>
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<tr>
<td></td>
<td>Investments</td>
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</tr>
<tr>
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<td>Property</td>
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</tr>
<tr>
<td></td>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Assets**

|                | $0.00 |

### LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>Other</th>
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<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Other</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Total Liabilities**

|                | $0.00 |

**TOTAL**

|                | $0.00 |
Chapter Budget

- Suggestions
  - Mathcounts should be a separate line item or even separate account
  - Budget travel funds for State Director to attend Board Meetings and other PSPE meetings
  - Budget funds to support PSPE Committee activities
  - Consider using PSPE account format
Chapter Budget

REVENUE

#4110 - Sustaining Associates - Does paid by "Sustaining Associates" as defined in PSPE bylaws.

#4120 - Membership Dues - Dues paid to PSPE by all categories of members.

#4130 - Investment/Interest (Operating Fund) - Interest received on PSPE's operating fund account.

#4140 - Annual Conference - Includes revenues from registration fees, sponsorship commitments, advertising for program, miscellaneous.

#4160 - Advertising - Sale of ads for six issues of PE Reporter and Annual Roster.

#4170 - Member Services - Income from various member service programs under contract with PSPE. These programs include: Bank of America Credit Card, Fenner & Esler Agency (professional liability insurance), and United Parcel Service.

#4190 - Miscellaneous - Income such as sale of labels to Chapters, pins, etc.

#4191 - Life Member Donations - Donations received from life members.

#4200 - Service to PEF - Administrative services provided to the PA Engineering Foundation by PSPE Staff.

#4201 - Service to Practice Divisions - Administrative services provided to the State Practice Divisions by PSPE Staff.

EXPENSE

Committee Expenses

#4110 - Leadership Development - Committee expenses related to Leadership Development program.

#4120 - Awards - Cost of places for Engineer of the Year, Young Engineer of the Year, any related required conference travel and special events.

#4130 - Annual Conference - All expenses related to administering PSPE's annual conference (airfare, coffee breaks, printing, transportation, lodging).

#4150 - Chapter Affairs/Travel - Expenses related to authorized visits to PSPE's chapters. Also includes regional meeting travel.

#4160 - NSPE NE Region Meeting - Expenses related to officers travel to attend this meeting.

#4180 - NSPE National Meeting - Expenses related to officers travel to attend this meeting.

#4190 - Legislative and Government Affairs - Monthly return for travel expenses for governmental affairs representative.

#4200 - Membership - Recruitment and member development expenditures, including purchasing various engineering lists for new Peers and PEF's, cost to mail recruitment letters, etc.

#4210 - Publications - Actual printing and postage costs for six issues of PE Reporter, Annual Roster and any brochures.

Administrative Expenses

#4220 - Accounting & Auditing - Cost of annual audit, required under bylaws.

#4230 - Board Expenses - Board meeting costs and expenses incurred by authorized board and committee members on PSPE related business.

#4250 - Insurance D&O - Liability insurance, Directors and Officers Liability Insurance, etc.

#4260 - Legal Fees - All attorney fees for PSPE business.

#4270 - Postage/ - For daily mail, bulk mail, etc.

#4280 - Staff Travel - Expenses for staff travel to attend functions on behalf of PSPE.

#4290 - Association Management - Contract costs related to fees for association management services.

#4300 - Printing/Supplies - Cost of miscellaneous printing/photocopies and office supplies needed to effectively operate PSPE.

#4310 - Telephone - Telephone services/long distance and fax charges.

#4320 - WEB Page - Design and administration of PSPE's web page.

#4330 - Miscellaneous -
Chapter Budget

- The Chapter Budget should be updated monthly, shared with all Chapter officers, and available to all Chapter members.
- The Chapter *should* file the annual budget with the PSPE Treasurer once a year.
- Chapter Finances are subject to audit by the IRS at any time.
  - The Budget helps the Chapter maintain fiduciary responsibility for the funds provided to it.
Chapter Financial Responsibility

Chapters have a duty to responsibly use the funds provided to it.
Financial Responsibility

- In accordance with IRS regulations and NSPE directives, all Chapters who receive funds from National and have accounts separate from the State Society must have their own Employer or Taxpayer Identification Number (TIN or EIN) and must file an E990 statement annually with the IRS.
Financial Responsibility

- Chapters **cannot** use PSPE or Mathcounts EIN.
- PSPE does not report Chapter financial information nor include Chapter financial information in our tax filings.
- Chapters can obtain a EIN by completing and filing IRS form SS4.
Financial Responsibility

- Chapters are required to file IRS Form 990 each year.
  - Form 990 can be filed electronically (Form 990-N)
    - Provided Chapter’s annual ‘gross receipts’ (not money in the bank) are less than 25k
    - If Chapter annual gross receipts exceed 25k, must use Form 990-EZ, which cannot be filed electronically
Financial Responsibility

- Chapters have a duty to responsibly use the funds that are provided to it.
  - Chapters should have reserves
  - But, unless the Chapter owns property or hard assets, reserves should be no more than three times the costs necessary to operate the Chapter for one year. No more than required for the Chapter to operate for three years without the influx of dues revenue.

- Chapter account disbursements should require two signatures.
Financial Responsibility

- Dues are collected to provide program to the members.
- If Chapters receive dues, they have a duty to provide that program.
- To have more than three years of reserves in the bank suggests possibly that the Chapter may not be providing program or charging too much in dues.
Financial Responsibility

- Possible Actions
  - Lower Dues or;
  - Provide more programs to members
    - Identify special programs or initiatives to support
    - Scholarship programs
    - Free member events
    - Support PSPE initiatives
      - Sponsor PSPE Events/Conferences
      - Advertise in PE Reporter
Financial Responsibility

- Chapters that fail to elect officers, provide programming and/or fail to file financial reports, are subject to having the flow of dues from National stopped.
  - Virtual Chapter Program managed by PSPE
Financial Responsibility

- Chapters may voluntarily opt out of need to apply for EIN and annual filing of Form 990.
  - Chapter funds would be deposited with PSPE and all disbursements would be through PSPE.
- PSPE nor NSPE cannot and will not intercede in financial matters between the Chapter and the IRS.