

*28 January 2008 Executive Board Minutes Information Item Excerpt:  
The Society Member Services Funding Task Force completed their work and submitted a report which will be disseminated to the District and Department Boards to for review, action, and or recommendations as appropriate with reports to be made at the Spring Leaders Meeting.*

## **Society Member Services Funding Task Force Report**

**Date: November 28, 2007**



### **Task Force Members:**

Jerry Clemons, Tom Devine, Pat Gouhin (ISA Staff), Paul Gruhn, Jim Keaveney, Ken Hilgers (ISA Staff), Bill Stange, Leo Staples (Chairman), & Billy Walsh

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## **Executive Summary**

Society Volunteer Leaders and Staff Members have spent considerable time in recent years on governance and administrative issues involving the operations of Divisions, Districts, and Sections. In the Society's ongoing drive to increase efficiencies, clarify focus, and provide added value to the membership experience, a Task Force was created to examine current procedures and inhibitors as well as to recommend future enhancements to overcome any present deficiencies.

The ISA Executive Committee approved the creation of the Society Members Services Task Force and developed the charter included in this report.

Focus areas for the Task Force included:

- Equitable funding of the various Society activities
- Division Dues
- Society Membership Dues

While some progress had been made in recent years, it was clear that few issues were truly resolved and the involved stakeholders were uniformly left with an unsettled feeling regarding current practices. The Task Force placed a goal on itself to deliver a series of end recommendations that would strengthen the relationship between the various elements of the Society, creating "One ISA" while also streamlining operations and procedures in a clear and simplified manner that can be understood by all. This goal also complements the need for the Society to tighten up policies and procedures in accordance with external requirements and regulations ensuring consistent financial accountability for all elements of the Society.

The Task Force believes that if followed the recommendations will provide fairness and accountability toward realizing the future potential of Division, District and Section activities creating a more unified and consistent look and feel for all that is ISA around the world. While the recommendations of the Task Force are presented herein with background and support rationale, there are ten findings coming out of the study in the areas indicated below:

- Section Funding

- District Funding
- Division Reserves
- Division & Department Funding
- District & Division Reserves
- Student Games Funding
- ISA Membership Dues
- ISA Membership Reduced Dues Rates
- ISA Life Member
- Officer Nominations Process

### **Background**

In 2000, the Society experienced major shift in the business model, which resulted in increased pressure on all segments to focus on financial performance. Poor communications during this period contributed to the perception that the Society did not see value in certain segments. As a result, both Volunteer Leaders and ISA Staff Members have expended a great deal of energy trying to restore trust within the organization. While progress has been made, it had become clear that many issues were not resolved.

During the period, the non-for-profit world also experience many changes in accounting requirements. Most of the focus was on maintaining accountability at all levels of the organization.

In response to the issues, the ISA Executive Committee created the Society Member Services Funding Task Force. This action was presented at the October ISA Executive Board Meeting (see Executive Board minutes – Action Items). The Task Force was appointed by Treasurer Staples and is responsible for reporting its recommendations to the Executive Committee. Complete details on the Task Force are located in Appendix A of this report.

The Task Force met at ISA Headquarters on November 9 and 10. Prior to the meeting, Task Force members reviewed background documentation prepared by ISA Staff. Task Force members Bill Stange and Tom Devine were not able to attend the meeting, but were included on the distribution of all background information and did submit written comments and opinions. The

entire Task Force participated in the development of the report and do support its findings and recommendations.

### **Discussion Issues**

Issues identified by the Task Force that were discussed and debated that influenced the final recommendations for the Executive Committee:

1. Accountability – require consistent financial accountability for all elements of the Society – Sections, Districts, Departments, and Divisions
2. Refine Division dues and the financing structure to be consistent with other Society level objectives and requirements
3. Require a detailed budget before releasing any funding or reimbursements to any element of the Society
4. Require Sections to submit an annual plan (goals and objectives) and financial budget to ISA HQ to qualify for receiving dues rebates
5. Remove financial silos from Divisions and Districts
6. Identify the activity needs and desires through a business plan and incorporate into the annual business development planning process for the Society
7. Life members
8. District leadership conferences
9. Communicate good financial practices to Section leaders
10. Develop a checklist business plan model for Division leaders, taking guidance from the Department VPs
11. Fund as part of the budget, travel for District Nominator and Dist. VP elect to attend Society Leader Meetings based on a business plan.
12. Address the equity of representation of technical Divisions in the nomination process and Council of Society Delegates.

ISA Staff provided the Task Force documentation on the history of the current Society funding model and comparative benchmark data for similar technical societies. The Task Force used this data as reference materials for discussions and in the recommendation found in this report. This supplemental information is located in Exhibit B of this report.

### **Task Force Recommendations**

After reviewing the various issues and background information, the Task Force developed the following recommendations:

#### **Number 1 – Section Funding**

***Recommend to the Board of District Vice Presidents that Sections be required to submit an annual plan (goals and objectives) and financial budget to ISA HQ to qualify for receiving dues rebates.***

This recommendation addresses the need for consistent accountability for the activities of ISA Sections to insure that Sections are functioning according to their Charter and that the Society exercises a level of oversight over the funds disbursed to Sections in the form of rebates.

The Board of District Vice Presidents has the responsibility for chartering and de-chartering Sections. In order to effectively carry out this responsibility the Board of District Vice Presidents needs to enforce this accountability requirement with Sections. The preferred method of submittal would be through an on-line entry system following a simple template that would allow for creation of an electronic database simplifying future access and review capabilities. If approved, such a system would be developed and implemented.

#### **Number 2 – District Funding**

***Recommend that District Vice Presidents prepare an annual business plan (goals and objectives) by District. The business plan will be used by staff to develop the District financial budget. The Plan will include travel support needed for District Vice President, District Vice President Elect, and District Nominator and funding requirements needed to send a team to the annual Student Competition event.***

This recommendation addresses the need for consistent accountability for the activities of ISA Districts to insure that Districts are functioning in support of Society objectives. As an integral unit of ISA and not a separate legal entity, funding for all District activity must be consistent with the Society strategic business plan and expenditures must be authorized and consistent with the annual budget.

As a global organization, the Society must identify strategic business needs for officer positions and provide reasonable travel funding to allow them to fulfill their responsibilities and the mission of the Society. The budget for travel should be based on identified needs within the constraints of the Society's ability to generate revenues and achieve the required MOP operating surplus.

District funding, as outlined in the annual planning and budgeting process, will be maintained through accounts administered at ISA HQ through standard operating procedures already in place.

### **Number 3 – Division Reserves**

*Recommend transferring Division reserves to ISA general reserves in support of Division awards, scholarships, leader and workforce development efforts, society projects, student games, and grants to accomplish specific tasks. Annual financial results from Division membership and symposia activity will be retained in Society reserves (Net Assets).*

This recommendation addresses the need to eliminate financial silos and bring consistency and uniformity in financial accountability for Society functions. Divisions are not separate legal entities and surpluses and losses derived from Division activities are integral to all financial activities of the Society. Segregation of annual financial results established an incorrect perception of separation instead of fostering unity among volunteer and member interest groups. Although Division reserves have been segregated in recent years, the balance of an individual Division's account has had no bearing on the Society's ability or inability to fund Division activities. There is a widely misconstrued belief that these reserves provide the Division with the ability to conduct activities that would otherwise not be approved. This is not true as the Division reserves are not used during the planning and budgeting process of the Society. For this reason, it is important to clarify the position moving forward and eliminate the structure that perpetuates the inaccuracy.

All Society reserves should be used in support of the Society's strategic plan and mission. To transition from the current to the proposed structure it is

recommended that present reserves be allocated to endow future activities that can be administered in the name of the Division(s) and implemented consistent with desires of the Division(s). Scholarships, Awards, International Student Competition, and the Workforce Development Program are examples of how the existing reserves could be allocated.

#### **Number 4 – Division & Department Funding**

*Recommend that Division Directors and their Department Vice Presidents prepare an annual business plan outlining goals and objectives for the year. Staff will prepare the budget to support the business plan in a consistent way using consistent estimates across all entities of the Society.*

This recommendation, along with recommendation #1 and #2 brings consistency and accountability between Sections, Districts, and Divisions. It also emphasizes that volunteers have primary responsibility for establishing and confirming the annual strategic plan and staff has the primary responsibility to prepare the annual budget in support of the strategic plan. This maximizes the effectiveness of each participants expertise in the planning and budgeting process.

#### **Number 5 – District Reserves**

*Recommend transferring District Reserves (Section contributions to Districts) to ISA general reserves in support of District awards, scholarships, leader and workforce development efforts, society projects, student games, and grants to accomplish specific tasks. Eliminate Section contributions to Districts and revise the Section Rebate amount from 20% to 15%. Utilize the 5% rebate reduction savings to offset travel support costs for District VP, DVP Elects, and Nominators.*

Similar to recommendation #3, this recommendation addresses the need to eliminate financial silos and bring consistency and uniformity in financial accountability for Society functions. Districts are not separate legal entities and surpluses and losses derived from District activities are integral to all financial activities of the Society. Segregation of annual financial results established an

incorrect perception of separateness instead of fostering unity among volunteer and member interest groups.

The recommendation to reduce Sections rebates from 20% to 15% is based on the fact that most Sections participate in the program that authorizes Sections to make contributions to Districts to support travel of District officers for executing their officer responsibilities. Such a change in procedure eliminates the need for the section transaction to return a 25% take in the rebate to the District making it automatic. This action will shift the funding responsibility back to ISA where consistency in planning and the application of the reimbursement policy can be effectively administered.

### **Number 6 – Student Games Funding**

*Explore a funding model for supporting student game activity.*

ISA Student Games are a high profile activity intended to increase student involvement in ISA and the field of automation. The Society needs to expand efforts to generate contributions and sponsorships from industry to support these games and the cost of participation by traveling student teams. By eliminating Section contributions to Districts (recommendation 5) we can divert a source of support that student teams now receive to attend the Student Games. This recommendation requires that the Society annually address this funding requirement. With the impending development of a fund-raising entity prospectively known as an educational foundation, it may be warranted to develop a specific fund-raising campaign around developing an endowment unique to this program.

### **Number 7 – ISA Membership Dues**

*Recommend ISA membership dues at \$100. Provide one A&T and one I&S membership with membership in ISA. Additional Division memberships would be \$10 each. The Task Force recommends that the Society adjust dues on a regular basis based on market value for membership. Periods between adjustments should not to exceed three years or exceed 25% in any one increase. Eventually Society membership should include access to all Divisions.*

A survey of 12 technical societies similar to ISA shows that only 3 societies, including ISA, have dues less than \$100 and each appears to have benefits significantly less than those offered by ISA as part of the standard membership fee. ISA regular dues, at \$85, are significantly less than the dues of most other technical societies (see Exhibit C).

There are many varied dues structures for technical interest groups within other organizations. These plans range from free TIG membership to variable rate membership fees.

The Task Force believes it is in the best interest of the Society to add value to ISA membership, remove barriers to accessing Society technical content, and encourage all ISA members to actively participate in technical Divisions. The existing separate dues structure for Division membership inhibits some members from participating in these technical groups. Eliminating individual Division dues also supports the effort to eliminate interest group financial silos.

The overall financial impact to Society revenue is projected to be insignificant. As with most dues increases, the increase in rate is usually met with some resistance and a reduction in membership numbers. However, the added value of giving access to Division content to all ISA members is a reasonable trade-off with positive future benefits to ISA.

The Task Force supports a strategy that increases dues on a regular basis to maintain parity with rising costs. This strategy should include the eventual elimination all individual Division membership dues. In an effort to define acceptable expectations within our constituent base, it is recommended that a dues increase be implemented on a regular based not to exceed every three years in frequency and never to exceed 25% in any given increase. These parameters are a general rule of thumb followed by many professional technical associations.

#### **Number 8 – ISA Membership Reduced Dues Rates**

*Recommend reduced dues rate for emerging countries should be 50% of regular dues rate.*

There is no record of how or why the rate of \$40 was selected for ISA reduced dues rate. This rate is established by the Executive Board and the Task Force recommends the Executive Board establishing that rate at 50% of the regular dues rate at all times. The definition of reduced dues rate countries should continue to be pegged to those countries classified as low-income, lower-middle-income, or upper-middle-income economies, as determined by the World Bank Organization.

**Number 9 – ISA Life Member**

*Recommend the Life Member Committee evaluate the Life Member category considering cost, benefits, and activities undertaken by this group of ISA members.*

The Task Force considered the cost of serving ISA Life Members and the contributions of these valuable members. The Task Force also looked at how similar memberships are handled by other societies. Some societies make on-line content free to Life Members and charge a delivery fee for hard copy delivery of the member magazine. The Task Force recommends the Life Member Committee consider these issues with the objective of balancing the cost of providing services to non-dues paying Life members. The Task Force also considered the position of several other associations that attach the “Life Members” status and funding structure to a one time (may be multiple payments) dues fee that can then be invested in the society allowing for an annual revenue stream (interest earned) in operations over the life of that member to cover the servicing costs. A dues fee of 15 to 20 times the current rate is generally required to become a Life Member of such organizations. The Task Force recommends that the Life Member Committee give consideration to such a structure for ISA.

### **Number 10 – ISA Officer Nominations Process**

*Recommend the Society revise the governance model and nomination process to insure appropriate representation of technical constituencies in addition to geographic constituencies.*

The Task Force spent much time discussing issues of accountability and consistency in application of policies and procedures among member constituencies. The current model of the Council of Society Delegates is based on geographic representation of Society membership and does not allow for representation based on technical interest area. This model was relevant when the Society started as a collection of individual local societies but as a global organization with an emphasis on technologies and industries the model needs to change.

The ISA Executive Board was restructured a number of years ago to address this change. But the governance structure needs further change to bring representation from Divisions to the Council of Society Delegates.

### **Cost Implications of Recommendations**

Exhibit D identifies the cost implications of the recommendations that impact expense funding for volunteer travel. The exhibit shows the proposed expense estimates in the left hand box and the current funding model is shown on the right hand box.

The net increase in projected expense is \$47,900. The Task Force believes this increase in expense is justified by the gains made in accountability, consistency, and increased level of performance that is expected from these changes.

### **Conclusion**

Today, organizations like ISA face pressure from ever-increasing regulations to maintain complete records of all monies received and disbursed by or on behalf of the organization. If the name “ISA” is involved in the activity, there is an implied and/or real connection to the Society at the highest levels that must be taken seriously. This connection can not be escaped. While no improprieties have resulted, there is concern that we are at risk if we do not

taking precautionary measures at this time to reduce the probability of a future occurrence that would yield a negative outcome. A lapse in accountability or an inappropriate decision can have devastating consequences for the Society, damage a long-standing reputation, and possibly place our tax-exempt status in jeopardy. In addition to that perspective, by most accounts, the present procedures and governance are less than optimal for today's environment and were designed and implemented during a different time. The landscape has changed and so must the Society.

The recommendations from the Task Force were assembled based upon this forward looking view, the Society's present strategy, and our understanding of today's world. Strong effort was made to assemble a Task Force consisting of a diverse group of members and staff bringing a broad perspective and skill set to the table along with an in depth understanding for all aspects of Society activities.

The Society Members Services Task Force recommendations provide consistent financial accountability for all elements of the Society while also providing an easy-to-understand, simple-to-follow set of parameters that should enhance relationships between elements of the Society contributing to "One ISA" and placing all elements of the Society on the same playing field.

## **Exhibit A – Society Member Services Funding Task Force**

### **Charter:**

The Task Force will review the funding model for the Districts and Divisions, which includes Society dues. The Task Force will develop a plan for improvement that provides the following:

- Consistency in the funding of Districts and Divisions activities
- Requirements for eligibility to receive funding for activities
- Appropriate level of accountability for use of these funds
- Establishes a realistic level for the dues based on the benefit to the member and cost to the Society

### **RESPONSIBILITIES:**

- Review the funding process for consistency between Districts and Divisions.
- Review the accounting process for Districts and Divisions to utilize Society funds.
- Review of the current model for setting ISA dues, benchmark the value of ISA membership versus cost, and if indicated propose changes to the current dues index model
- Recommend changes to the Society Bylaws and/or Manual of Organization and Procedures that will achieve the objectives stated above.

### **REPORTING RELATIONSHIP:**

This Task Force is established by appointment of the Treasurer. The Task Force will present a draft recommendation to the Executive Committee. The final Task Force report will be presented to the Executive Board for approval and action.

### **TASK FORCE MEMBERS:**

Districts: Tom Devine & Billy Walsh

Divisions: Jerry Clemons, Bill Stange, & Paul Gruhn,

Finance: Jim Keaveney & Leo Staples (Chairman)

Staff: Ken Hilgers & Pat Gouhin

### **PERIOD OF PERFORMANCE:**

The Task Force will provide initial recommendations to the Executive Committee at the January 2008 Committee meeting. The final recommendations and recommendation will be presented to the Executive Board at the 2008 Winter Leaders Meeting.

## **Exhibit B - Historical Document**

### **Current Funding Model**

#### **Membership Dues**

ISA charges dues for membership in ISA and an additional amount of dues is charged for individual technical Divisions. Society membership dues are established and governed by the Society Bylaws. Membership dues for Divisions are established and governed by the Board of Department Vice Presidents.

#### **Society Membership Dues**

Society Bylaws Article XVIII – Dues and Assessments establishes the annual dues rates for the various categories of ISA membership. The current dues rates are:

- Member, Senior Member, Fellow \$85
- Student Member \$10
- Virtual Student Member \$ 5
- Life, Life Senior, Life Fellow, Honorary none

The Bylaws also establish multi-year dues rates for non-student members at \$158 for two years and \$225 for three years.

The Executive Board is authorized to establish reduced dues rates based upon the local economic conditions for members who are resident citizens of countries identified on a prevailing list of countries eligible for economic consideration (Bylaws Article XVIII, Par. 3). The current dues rate for reduced dues members is \$40 per year.

The recent history of ISA membership dues rate changes is listed below:

- \$60 1994 – 1997
- \$65 1998 – 2001
- \$72 2002
- \$85 2003 - present

#### **Division Membership Dues**

In 1961 the Executive Board authorized a subsidy for initial financing of Divisions adopting a membership system. The subsidy applied to the first three years of operation. In subsequent years the Divisions were expected to sustain internal operations from dues. In 1967 the Executive Board established dues for all Division members at \$3 per year.

The history of Division membership dues rate changes is listed below:

- \$3 1967 – 1993

- \$5 1994 – 2003
- \$7 2004
- \$9 2005 - present

## **Sections**

Any group of applicants or members except Virtual Student Members within a geographical area may petition for a Section charter under criteria and policies established or approved by the Executive Board (Bylaws Article VIII, Par. 1). The Executive Board has delegated to the Board of District Vice Presidents authority to determine the criteria and policies related to Section charters as well as approval of such charters.

ISA Sections are separately incorporated legal entities that are chartered by the Board of District Vice Presidents to serve the networking and educational needs of members in specific geographic areas. As separate legal entities, Sections have a great deal of autonomy and independence from ISA.

Each Section shall control and manage the affairs, property, and fund of the Section. Neither the Constitution nor the Bylaws of a Section shall conflict with the Bylaws of the Society (Bylaws Article VII, Par. 3)

Appendix P to the Executive Board documents the ISA Section Rights and Responsibilities. This Appendix is included at the end of this document. A template for Section bylaws is also included at the end of this document.

## **Section Rebates**

The Bylaws establish the dues rebates that are sent to Sections. Bylaws Article XVIII, Par. 5a states that for each Fellow, Senior Member, or Member dues received, ISA will return 20% to the affiliated Section.

This same Article establishes that a Section may contribute a portion of their dues rebate to their District in support of District expenses. This is a voluntary contribution by Sections to their District. Sections are not required to make contributions to their District. Contributions are intended to be used by District Vice Presidents in support of the work of their District.

The Section rebate for student members is 30% of dues received and is paid to the student section.

## **Districts**

Bylaws Article IX authorizes the Executive Board to organize Sections into Districts. Each District may, but is not required to, group one or more Sections within the District into one or more geographic subdivision called Regions.

Districts are not established as separate legal entities within ISA. The Board of District Vice Presidents MOP establishes the policies and practices by which the Districts operate.

### **Officer Funding**

All Society officer positions are established by ISA Bylaws Article X. Funding for all Society level officers is established in the MOP for the Executive Board in TRE 6. The text of TRE 6 is reproduced at the end of this document.

The following funding is authorized for District and Department Vice Presidents by TRE 6:

- District Vice Presidents in North America \$4,000 per year, \$8,000 per term
- District Vice Presidents outside NA \$6,000 per year, \$12,000 per term
- Region Chair \$3,000 per year, \$6,000 per term
- Department Vice Presidents \$4,000 per year, \$8,000 per term

Funds are intended for attending Society Leader meetings and serving the needs of the District, Region, or Department.

Division Directors are funded at \$2,000 per year to attend Society Leader meetings. This expense is charged against individual Division membership budgets as it is claimed by the Directors.

### **District Leadership Conferences**

The Society annual budget provides each District with an annual allowance of \$5,000 in support of a leadership development conference. These conferences are intended to train and develop new leaders for the Society. Attendees are typically Section officers.

Expenses for District Leadership Conferences are supported by registration fees, sponsorships, and contributions from Sections.

### **Division Membership Activity**

The Board of Department Vice Presidents defines the Divisions that are needed to further the objective of the Society, subject to the plenary authority of the Executive Board (Bylaws Article XVII, Par. 1). Divisions are not separately incorporated entities. They are internally segregated operating units within the Automation & Technology and Industries & Sciences Departments of ISA.

Division membership activity has been reported as a separate cost center similar to other Society products and services. Financial records are kept for each individual technical Division and the surplus or deficit realized is accumulated and segregated in the Net Assets of the Society for the Division.

The annual budget for Divisions must be integrated and coordinated with the Society annual budget to insure compliance with Society budget guidelines.

Division objectives are described as follows from DIV 2 of the Department Board MOP:

DIV 2.1 To program timely technical papers, short courses, workshops and like activities, representing the Division's scope at the Annual Conference; to plan timely technical meetings comprised of technical papers, short courses, workshops and like activities on specific areas or themes within the Division's scope; to cooperate with other Divisions for programming in areas of mutual interest; to provide discerning review of papers offered for presentation, discussion, and/or publication.

DIV 2.2 To stimulate informational interchange for the community of technically interested personnel by correlating pertinent data and disseminating it through newsletters, abstracts, compendia, bibliographies, etc.

DIV 2.3 To recommend projects deserving study by the Standards & Practices, Publications, PDD and Strategic Planning Departments.

DIV 2.4 To develop programs which promote Section/Division cooperation and growth.

DIV 2.5 To recognize and nominate individuals deserving of ISA awards and Honorary Membership to the Honors & Awards Committee.

DIV 2.6 To recognize and nominate members deserving of election to the grade of ISA Fellow to the Admissions Committee.

DIV 2.7 To promote mutually beneficial liaison with other technical and scientific organizations.

DIV 2.8 To provide assistance, advice and informational materials as requested by the membership through the Board of Department Vice Presidents and Society Headquarters.

The MOP of the Board of Department Vice Presidents also includes section DIV 6 that describes Division Financial Responsibility:

To assure responsible fiscal management of Division finances, the following procedures are followed:

DIV 6.1 Individual financial accounts are established at Society Headquarters for each Division.

DIV 6.2 All Division income is credited by Headquarters to appropriate Division accounts, and charges against each account are made in accordance with authorization by the Division Director or his designee.

DIV 6.3 Headquarters issues an annual end-of-fiscal-year financial statement for each Division as soon as feasible after the Society books are closed. Financial statements are issued for periods ending: March 31, June 30, September 30, and December 31.

DIV 6.4 Business planning is the important first step of ISA's budgeting process. In the business plan, goals and objectives are developed to address member needs and concerns. Also all activities, programs and services to be done in the upcoming year are included. The business plan also serves as a periodic reminder and an accountability tool to ensure that tasks are not left undone.

Specific dates in the following sections are intended to serve as guidelines for this process. The critical dates by which plans and budgets must be reviewed are the President's Summer Meeting and the summer Finance Committee Meeting.

DIV 6.4.1 By mid-April - Staff sends to each Division Director a copy of the current year's annual business plan, and goals from that Division's annual report as background for subsequent discussion about next year's plans.

DVI 6.4.2 By mid-May - Staff phones each Division Director to discuss his/her plans for the upcoming year. Staff documents discussions, and sends Division Director a draft business plan.

DIV 6.4.3 By two weeks before the start of the President's Summer Meeting - Staff integrates Division plans into the overall society business plans for the coming year.

DIV 6.4.4 By one week before the start of the President's Summer Meeting - Staff forwards proposed Division budget, based on draft business plan, to the Division director and treasurer.

DIV 6.4.5 No later than the start of the President's Summer Meeting - Division Director forwards budget and associated business plan, with any modifications, to their respective Department Vice President for final approval.

DIV 6.4.6 By one week following the President's Summer Meeting - Division Director submits finalized plan and budget to staff.

DIV 6.4.7 By two weeks prior to the summer Finance Committee Meeting - Staff assimilates Division plan and budget into overall Society plans and budgets for the upcoming year for review by the Finance Committee, the Board of Department Vice Presidents and Executive Board.

DIV 6.5 Division budgets are submitted to the appropriate Department Vice President for approval. Budgets are reviewed by the Board of Department Vice Presidents and the Executive Board at the President's Summer Meeting to assure compatibility of Society Bylaws & operating policies established by the Executive Board. Budgets so approved may be drawn upon at the start of the new fiscal year.

DIV 6.6 Division Directors are authorized to expend funds in accordance with working budgets. However, where necessary revisions or deviations of budget items exceed 10% of the total budget, Department Vice President approval of the revision must be requested by the Division Director involved.

DIV 6.7 Any Divisional programs involving expenditures in excess of the funds on hand are submitted for review by the Board of Department Vice Presidents and Executive Board review and approval.

DIV 6.8 Income that may accumulate in Division accounts is maintained indefinitely until expended by active Divisions in the approved manner. Any earnings, such as interest, that may accrue from Division funds are credited to the Society's general fund in lieu of costs for maintaining Division accounts.

DIV 6.9 In the event of dissolution of a Division organized under the membership plan, any funds remaining in the Division treasury after satisfaction of all outstanding debts, are transferred to the Society's general fund.

### **Division Symposia**

Division Symposia are technical educational event supported by ISA Technical Divisions. Each symposium has a registration fee and in some cases may generate additional revenue from the sale of table top exhibits, or sponsorships. Typical expenses for conducting a symposium include promotion for the event, speaker honorariums, hotel facilities, food and beverage, printing, postage, awards, travel costs for certain staff and volunteer leaders, and staff labor, fringe benefits and overhead expenses. Accounting for these revenues and costs is done on a consistent basis with other Society product and service activities.

Historically, the net surplus or deficit resulting from a symposium has been credited or charged back to the supporting Division.

### **Other Documentation**

The Executive Board MOP includes Appendix G – ISA Legal Liability and Financial Guide. This appendix is reproduced at the end of this document.

## **APPENDIX P – ISA SECTION RIGHTS AND RESPONSIBILITIES**

*(This Summary prepared by ISA legal counsel. For exact wording, please refer to the MOP section referenced in parenthesis next to each item.)*

ISA Sections are charged with the responsibility of complying with ISA Bylaws and policies adopted by the ISA Executive Board. The following summarizes these responsibilities and resulting rights enjoyed by Sections.

1. Organizational Structure (See Bylaws, Article VI, Section 3 and MOP Sections GEO 2 and SEC 1)
  - Organize as nonprofit corporations (or the closest possible equivalent nonprofit legal entity that insulates individual members from liability in the jurisdiction where it is located).
  - Organize with the restrictions necessary to qualify for federal income tax exemption under Section 501(c)(3) of the Internal Revenue Code if located within the US. If outside the US, organize as required to qualify for the closest equivalent tax exempt status available in the jurisdiction where located.
  - Conform to the purposes, mission, and objectives of the Society at all times.
  - Adopt their own bylaws consistent with ISA Bylaws.
  - The ISA Board of District Vice Presidents reserves the right to approve Section Bylaws before they take effect and to require modifications necessary to conform the Section Bylaws to ISA Bylaws.
2. Membership (See Bylaws, Article IV, Sections 4 and 5; MOP Sections SEC 1 and MEM 1)
  - Use the same membership grades as the Society, and not modify membership grades or create new grades or classes.
  - Accept members only if they are members of ISA.
  - Maintain a minimum of thirty (30) members.
  - Accept new ISA members who are automatically assigned to the section unless the member elects another section.
  - May accept members who reside outside the assigned geographic area as permitted by the ISA Bylaws.
3. Section Name (See MOP Sections SEC 3 and INT 3)
  - May use “ISA” in the name of the Section.
  - Follow the naming conventions for ISA sections adopted by the Executive Board.
  - Always use the Section name, and not merely “ISA” alone, in any communications with the public or other parties, including promotions and contracts.

4. ISA Logo, Trademark, and Other Intellectual Property Use (See MOP Section INT 3)
  - May use the ISA logo, name, and acronym with the Section name to show identity and affiliation with ISA.
  - Use the ISA logo, name, or acronym in a way that does not cause confusion with regard to whether the Section or the Society is responsible for that use.
  - Include registered trademark notices with all uses of ISA trademarks in accordance with ISA style guides.
  - Not allow another group or organization to use any ISA trademark.
  - Not register an ISA trademark independently of ISA.
  - May create a Section logo based on the ISA logo as long as the ISA logo remains fully intact and unmodified.
  - All other uses of the ISA logo, name, acronym, and other ISA trademarks (such as InTech) by Sections require specific prior permission from the ISA Executive Board, which also reserves the right to review and approve any use of the ISA logo, name, acronym, or other ISA trademark by Sections.
  - All other uses of ISA trademarks by Sections require a specific license from the ISA Executive Board.
  - Obtain permission before using ISA copyrighted materials in any form, including but not limited to ISA books, journals, proceedings, videotapes, software, standards and any other materials published by ISA.
5. Dues (See Bylaws, Articles XVI and IV, Section 5; MOP Sections GEO 5.1.2; MEM 1.2, and SEC 8.1)
  - Receives a rebate for a portion of each member's dues.
  - May charge additional dues for its members or other ISA members wishing to affiliate with the Section as long as the additional dues do not exceed 25% of the ISA dues.
6. Relationship (See MOP Sections SEC and SEC 8)
  - Sections and ISA are separate legal entities. The Section manages its own finances and establishes its own banking accounts.
  - May conduct fund-raising activities consistent with ISA purposes and mission.
  - Maintain a separate tax identity from ISA. US sections may join a group tax-exemption maintained by ISA.
  - Not indicate to others that they represent ISA or make any agreement binding upon ISA.
  - ISA will not make any agreement binding upon a Section.
7. Reporting (See MOP Section DIS 12.2.5)

- Encouraged to provide an annual and such other reports as necessary or required for the ISA Executive Board to determine the viability of the Section.
8. Termination (See MOP Sections SEC 5 and SEC 6)
- If a section becomes inactive or violates its Charter, the ISA Board of District Vice Presidents may terminate the Charter.
  - If a Section Charter is revoked, the Section will stop using any logo's, names, or trademarks that indicate an affiliation with ISA.
  - If a Section Charter is revoked, the Section will transfer all fund balances remaining after payment of debts and other distributions required by law to ISA within 60 days of termination unless the Executive Board otherwise permits.

**Guide for Developing Bylaws for an ISA Section**

ISA - The Instrumentation, Systems, and Automation Society

\_\_\_\_\_SECTION  
BYLAWS Adopted \_\_\_\_\_(Date)

**BYLAWS**

**ARTICLE I - NAME**

1. The name of this organization shall be:  
ISA-The Instrumentation, Systems, and  
Automation Society \_\_\_\_\_

\_\_\_\_\_SECTION  
a nonprofit corporation organized in the state of

\_\_\_\_\_, hereinafter referred to as the SECTION.

2. The SECTION shall maintain affiliation with ISA-The Instrumentation, Systems, and Automation Society, hereinafter referred to as the SOCIETY, and shall be subordinate to the Society

**ARTICLE II - OBJECTIVES**

The objectives of the SECTION shall be those of the SOCIETY: to advance and to reinforce the arts and sciences related to the theory, design, manufacture and use of instrumentation, computers and systems for measurement and control in the various sciences and technologies for the benefit of mankind.

**ARTICLE III - MEMBERSHIP**

1. The membership grades in the SECTION shall be the same as those of the SOCIETY:

Student Member  
Member  
Senior Member  
Life Member  
Fellow  
Life Fellow  
Honorary Member

2. Any individual member within the SOCIETY may be affiliated with the SECTION. The SOCIETY will recognize only one voting affiliation at any time for the purposes of administration.

**ARTICLE IV – QUALIFICATIONS FOR MEMBERSHIP**

1. Any person interested in the objectives of the SOCIETY shall be eligible for membership at the grade for which eligibility requirements are fulfilled

in accordance with the conditions and procedures specified in the SOCIETY Bylaws.

2. All members must be current with the dues of the Society and the Section to remain a member.

#### **ARTICLE V - GOVERNMENT**

1. The Executive Board of the SECTION shall control the general policies of the SECTION through its powers to initiate changes in these Bylaws, to establish budget policies, to review the annual reports of the officers and to exercise all power and authority of a Board of Directors under the laws of \_\_\_\_\_ (State of Incorporation).
2. The Section Executive Board shall consist of the Officers, the immediate Past President, the SOCIETY Delegate, and the chairmen of the Standing Committees as provided in these Bylaws.
3. The determination of operating policies and the control of the affairs, property, and funds of the SECTION shall be vested in the Executive Board, except as may be otherwise provided by these Bylaws.

#### **ARTICLE VI – SOCIETY DELEGATE**

1. The SECTION shall designate a SOCIETY member to act as its SOCIETY Delegate at meetings of the Council of Society Delegates and shall specify the term of office. The SECTION may designate a SOCIETY Member as an Alternate Delegate as provided by these Bylaws.
2. The SOCIETY Delegate shall have a voting power equal to the number of SOCIETY members, except Student Members, in the SECTION the Delegate represents; the count of SOCIETY members being the number authenticated by the Executive Director as of the first day of the month preceding the month in which the vote takes place.

#### **ARTICLE VII – LIMITATIONS OF SECTION ACTIVITIES**

Notwithstanding any other provision of these Bylaws, the SECTION shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt under Section 501 (c)(3) of the U.S. Internal Revenue Code and its Regulations as they now exist or as they may be amended. [NOTE: Equivalent revenue regulations of a governing body outside the U.S. shall apply to Sections not covered by Section 501 (c)(3) of the U.S. Internal Revenue Code.]

#### **ARTICLE VIII –VOTING RIGHTS**

1. Any person who is a member of the SOCIETY may become a voting member of the SECTION upon request; a SOCIETY member may be a voting member of only one Section.
2. Any member of the SOCIETY having voting affiliation with another Section shall be eligible to become affiliated with this SECTION, subject to the regulations of the SECTION. Such additional affiliation shall carry no voting power in matters coming before the SECTION. Any dues established by the SECTION for such affiliation shall be invoiced by and paid to the SECTION.

#### **ARTICLE IX – SECTION OFFICERS**

##### **Officers**

1. The officers of the SECTION shall be:
  - President
  - President-elect
  - Secretary
  - Treasurer

2. Elected Officers

The officers of the SECTION shall be elected by the voting members of the SECTION.

3. Qualifications

The officers shall have been members in the SECTION, in good standing, for at least one year prior to their election to office. This does not apply during the SECTION's first year in existence.

4. Term of Office

- a. The officers shall be elected annually and shall hold office for the fiscal year, as defined in the SECTION Bylaws. Induction and installation of officers shall be held at the time of the annual meeting of the SECTION, or at a time so specified by the SECTION Executive Board.
- b. The President shall not succeed himself, except for an incomplete term begun by his predecessor.

5. Vacancy in Office

Any office in the SECTION, except President, becoming vacant during its regular term shall be filled by an interim appointment of the SECTION Executive Board until the next regular election for said office. The President-elect will fill the office of President if it becomes vacant.

6. Duties of Officers and Society Delegates

- a. The President shall be the executive head of the SECTION and shall sit as Chairman of the SECTION Executive Board, shall preside at all annual monthly and special meetings and at all meetings of the SECTION Executive Board, shall countersign all public announcements or communications, shall periodically report to the members those matters which the SOCIETY has brought to the President's, the Delegate's or the Secretary's attention. The President shall submit the SECTION annual report to the District Vice President prior to June 1. The President shall give a report of the general and financial condition of the SECTION for the fiscal year at the SECTION's annual meeting.
- b. The President-elect shall, upon resignation or inability of the President to serve, become President of the SECTION and shall perform duties of the President in case of the President's absence.
- c. The Treasurer shall be the financial officer of the SECTION; shall keep complete records of all moneys received and disbursed by or on behalf of the SECTION; shall secure proper receipts for all moneys disbursed; shall report to the SECTION Executive Board the financial condition whenever requested; shall have custody of all moneys belonging to the SECTION which shall be deposited in accordance with the instructions of the SECTION Executive Board; shall keep financial accounts and control expenditures in accordance with the annual budget for any special appropriations approved by the SECTION Executive Board; shall arrange for fidelity bond coverage of all officers who are responsible for the

assets of the SECTION; shall secure adequate liability and property damage insurance coverage for the SECTION, its officers, and members while serving on standing or special committees and acting in their officially assigned duties. Within ninety days following the end of each fiscal year, the Treasurer shall prepare an annual report which shall reflect an audit by an external audit committee or independent accountant as determined by the SECTION Executive Board. At the expiration of the term of office, he shall deliver to the successor all books, records, money, and other property in his charge, or in the absence of a successor, shall deliver such properties to the President.

- d. The Secretary shall act as recording secretary; shall keep a full and complete record of the membership in the SECTION and serve as liaison with the SOCIETY on matters of membership information and other matters of SECTION- SOCIETY relationships; shall attend and keep records of all meetings of the SECTION Executive Board and regular, special and/or annual meetings of the SECTION; shall arrange to notify the members of the regular and annual meetings at least one week in advance of the date of said meeting; shall receive all moneys forwarded by the SOCIETY and turn said moneys over to the Treasurer; shall certify all bills upon order of the SECTION Executive Board for payment by the Treasurer; shall arrange for typing, duplicating, and mailing of committee reports and/or special announcements, as required.
- e. The SOCIETY Delegate shall serve as the SECTION's official representative at all regular or special meetings of the Council of Society Delegates. As a minimum, this means attendance at the Delegates meeting at the SOCIETY's annual meeting that generally is held during the Fall Conference and Exhibit. In the event the SOCIETY Delegate cannot attend a Council meeting, the President of the SECTION shall designate an alternate and so notify the District Vice President prior to the meeting.

## **ARTICLE X – NOMINATION AND ELECTION PROCEDURES**

### **1. Nomination**

- a. The President shall appoint a Nominating Committee not later than the January meeting. This committee shall consist of members of the SECTION including the immediate Past President as Chairman. Other members of the SECTION Executive Board shall be excluded.
- b. The Nominating Committee shall nominate at least one member each for President-elect, Treasurer, Secretary, and SOCIETY Delegate securing written acceptance from each nominee and should report at the regular SECTION meeting in February. In the absence of a full slate from the Nominating Committee, the SECTION Executive Board shall be empowered to make such nominations as are necessary to announce a full slate at this meeting.
- c. Nominations for any office may also be made by any member in good standing. The nomination is to be filed along with the acceptance of the nominee with the Secretary no more than two weeks after the Nominating Committee reports.

### **2. Election of Officers**

- a. Within one week after the deadline for nominations, a letter ballot shall be sent to each MEMBER not in arrears for dues containing the names of candidates to be voted upon and indicating which candidates are the nominees of the Nominating Committee.
- b. The ballots shall be returned to an Election Committee composed of three members and appointed by the President. The presiding officer shall declare elected those candidates

who have received a majority of the votes cast for each office. The Election Committee shall report the results of the balloting at the annual meeting.

- c. In the event of a tie vote, the SECTION Executive Board shall decide between the tied candidates by secret ballot.
- d. The SECTION president shall notify SOCIETY Headquarters of those elected as officers and delegate and those selected as chairmen of the standing committee immediately following these actions.

#### **ARTICLE XI - COMMITTEES**

1. To assist the officers of the SECTION, standing and special committees shall be formed within one month of the election of the officers of the SECTION. The immediate past President, the newly elected officers, and the SOCIETY Delegate, with the newly elected President of the SECTION acting as chairman, shall appoint the following standing committees.

Rules and Procedures Committee (including  
Historian)  
Education Committee  
Program and Arrangements Committee  
Budget and Finance Committee  
Membership Recruitment and Retention  
Committee  
Publicity Committee (includes INTECH  
Correspondent)  
Section-Division Liaison Committee

2. The standing committees shall each consist of not less than three members. The chairman of each such committee shall be accountable to the President, as a member of the SECTION Executive Board, for the performance of the committee.
3. Special committees shall be appointed by the President with the approval of the SECTION Executive Board and shall be accountable to the President or such other officer as may be determined by the President.
4. The President shall be a member, ex-officio of each standing or special committee.
5. The duties of the standing and special committees not covered by ARTICLE IV shall be defined by the President with the approval of the SECTION Executive Board.
6. Appointments to all standing and special committees terminate at the end of the fiscal year and are subject to re-appointment.

#### **ARTICLE XII – FUNCTIONS OF THE STANDING COMMITTEES**

1. The Rules and Procedures Committee shall concern itself with recommendations for amending the SECTION's Bylaws so that they meet the current needs of the SECTION and the requirements of the SOCIETY. This Committee shall maintain the history file for the SECTION.
2. The Education Committee shall concern itself with increasing the member's knowledge of instrumentation science and technology. It shall help develop the subject matter for the monthly technical meetings, special conferences, training courses, etc., to meet the educational needs of the members. It shall bring to the attention of the members pertinent instrumentation information. It shall encourage the members to participate in preparing papers for presentation

- at conferences of the SOCIETY and of other technical organizations. It shall maintain liaison with Student Sections and other organizations devoted to technical education and encourage joint programs.
3. The Program Committee shall be responsible for the conduct of all regular technical meeting programs. It shall arrange for speakers, slides, motion pictures, etc., and other necessary facilities. It will serve as host to guest speakers during their visits within the geographical area of the SECTION.
  4. The Budget and Finance Committee shall consist of the President, President-elect, Secretary, Treasurer, and immediate Past President. The Treasurer shall serve as Chairman. The Committee shall counsel with the President on the annual budget of the SECTION and prepare recommendations for the SECTION Executive Board. The Budget and Finance Committee may perform such other duties in connection with the SECTION finances as the SECTION Executive Board may determine from time to time.
  5. The Membership Recruitment and Retention Committee shall promote the growth of the SECTION by actively soliciting new memberships and by revitalizing the interest of inactive members. It shall advise the President and the SECTION Executive Board on matters affecting membership relations which will assist the SECTION in obtaining new members and keeping present members. It will examine the feasibility of establishing subsections in adjacent areas; and will counsel with the District Vice President regarding such establishments.
  6. The Publicity Committee shall develop media and contacts for publicizing the meetings and activities of the SECTION. It shall prepare and circulate news releases concerning SECTION elections and appointments, meeting programs, speakers, etc. to assure continuing publicity in the local and national papers and technical magazines. One of its members shall be designated INTECH Correspondent.
  7. The Section-Division Liaison Committee shall promote good relations and a technical interchange between the SECTION and Divisions of the SOCIETY. It shall publicize Division activities in the SECTION newsletter and shall encourage all members of the SECTION to join and become active in the Divisions.

#### **ARTICLE XIII - MEETINGS**

1. The annual meeting of the SECTION shall be held at the time and place designated by the SECTION Executive Board. This meeting is normally the last meeting of the fiscal year.
2. Regular meetings of the SECTION shall be held once each month except during , for the discussion of subjects pertinent to the objectives of the SOCIETY. Dates and meeting places of regular meetings are to be determined by the SECTION Executive Board. At least of the regular meetings shall be technical in scope and presentation.
3. Special meetings of the SECTION shall be held at such times and places as may be called by the President or in the President's absence by the President-elect or by any three members of the SECTION Executive Board or by ten or more members in the SECTION upon reasonable notice.
4. The Secretary shall mail or cause to be mailed notices of time and place of each meeting to all members at least two weeks prior to the date of each meeting indicating in said notice the nature and purpose of the meeting.
5. Regular meetings of the SECTION Executive Board shall be held each month in such time and place as designated by the President.

6. Special meetings of the SECTION Executive Board shall be held any time at the call of the President. Three members of the SECTION Executive Board may call a meeting upon failure or refusal of the President to act.
7. Quorums:
  - a. At the meeting of the SECTION\_\_\_\_\_ members shall constitute a quorum for the transaction of business.
  - b. A majority of the SECTION Executive Board shall constitute a quorum for the transaction of business at any meeting of the committee.

#### **ARTICLE XIV – VOTING PROCEDURES**

1. All questions coming before the SECTION, its governing body and committees, shall be decided by a majority of the votes cast, except as otherwise provided by these Bylaws.
2. Unless otherwise specified in these Bylaws, vocal or "show of hands" voting shall be used in meetings. Ballots shall be used when requested by any member or when recommended by the SECTION Executive Board in voting on SECTION matters.
3. All members not in arrears for dues and otherwise in good standing, may be present and participate in the discussions or proceedings of any of the regular, annual or special meetings, and may vote on all questions and in all elections in such meetings.
4. Each member shall be entitled to one vote on all questions submitted to the membership in the SECTION. Student Members and nonvoting affiliates shall have no voting power.

#### **ARTICLE XV - DUES**

1. The amount and method of collection of dues of the members shall be as provided in the SOCIETY Bylaws.
2. The amount and method of collection of dues of non-voting affiliate members shall be determined by vote of the voting SECTION members.

#### **ARTICLE XVI - FINANCE**

1. The fiscal year shall be from July 1st to June 30th.
2. The Treasurer shall be bonded at a level approved by the SECTION Executive Board. The premiums for the bond shall be paid by the SECTION.
3. Upon recommendation of the Budget and Finance Committee, the SECTION Executive Board shall adopt in advance of the next fiscal year, an operating budget covering all activities of the SECTION.
4. All instruments for the payment of money by the SECTION shall be drawn in the name of the SECTION and signed by the Treasurer or President, and countersigned by the Treasurer or President, or by a Board member authorized by the SECTION Executive Board. In no event shall the signing and countersigning be done by the same person.
5. The SECTION Executive Board shall approve and establish a budget of estimated expenditures and receipts at the beginning of each fiscal year.
6. Each member of the SECTION Executive Board shall be reimbursed by the SECTION for reasonable expenses related to that office in the SECTION. This does not apply to persons

found negligent in performing their duties by a disinterested person or persons chosen by the SECTION Executive Board. In such a case the SECTION, at its own expense, may settle any such claim which appears to be in the best interest of the SECTION. Approval of expense reimbursement shall be based on written guidelines which have been approved by vote of the SECTION members.

7. Members of the SECTION Executive Board and officers of the SECTION shall not receive compensation in any form for services rendered.
8. The accounts of the SECTION shall be audited annually by an internal audit committee or independent accountant appointed by the President and approved by the Section Executive Board.

#### **ARTICLE XVII – LEGISLATURE AND OTHER PROHIBITED ACTIVITIES**

1. Neither the SECTION nor its officers, nor members of the SECTION, individual or corporate, shall engage in any attempt to influence the course of legislation, whether federal, state or local, on behalf of, or as a representative of the SOCIETY in any nation or its subdivisions, by engaging in political activities, expenditures of funds, propaganda or by participating in any course of similar conduct on behalf of or as a representative of the Instrument Society of America.
2. Neither the SECTION nor any officer or member acting on behalf of the SECTION:
  - a. Shall make loans of SECTION funds to individuals or corporations at less than the prevailing rate of interest or with inadequate security as collateral.
  - b. Shall pay excessive compensation for rendered services to any individual or corporation.
  - c. Shall sell or transfer securities owned by the SECTION to any individual or corporation for less than the prevailing market value thereof at the time of such sale or transfer.
3. The SECTION is not organized for pecuniary profit, nor shall it have any power to issue certificates of stock or pay dividends, and no part of the net earnings or assets of the SECTION shall inure, upon dissolution or otherwise, to the private benefit of any individual. This clause supersedes any previous clause regarding inurement.

#### **ARTICLE XVIII- PARLIAMENTARY AUTHORITY**

The current edition of Robert's Rules of Order Newly Revised shall govern the proceedings of the SECTION, its governing bodies and committees in all cases not provided for in these Bylaws.

#### **ARTICLE XIX – RELATIONSHIP OF SECTION TO SOCIETY**

1. The SECTION reserves the right to amend, alter, change or repeal any provisions contained in its Articles of Incorporation, or Bylaws. The Articles of Incorporation and Bylaws, and Amendments thereto, may not conflict with the policies of the SOCIETY. The Executive Board of the SOCIETY, by majority vote, has plenary power to nullify or alter provisions of the SECTION'S Articles of Incorporation or Bylaws, or Amendments thereto, or to nullify other actions of the SECTION, if it determines that such provisions or actions are injurious to the SOCIETY.

2. These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by a majority of the eligible voting members present at any regular meeting or special meeting, at which there is quorum, if at least two weeks written notice is given of intention to alter, amend, or repeal, or to adopt new Bylaws at such meeting. Amendments may be proposed by any member, officer or the Executive Board.

#### **ARTICLE XX - DISSOLUTION**

The SECTION shall use its funds only to accomplish the objectives and purposes specified in these Bylaws and no part of its funds shall inure to or be distributed to the members of the SECTION. On dissolution of the SECTION, the net assets remaining after payment of all debts shall revert to the SOCIETY within ninety (90) days of dissolution to be used for charitable and educational purposes under Section 501 (c) (3) of the U.S. Internal Revenue Code as it now exists or as it may be amended.

**[NOTE:** Equivalent revenue regulations of a governing body outside the U.S. shall apply to Sections not covered by Section 501 (c) (3) of the U.S. Internal Revenue Code.]

#### **TRE 6 Travel Expense Reimbursement Policy**

**(Added August 2000, Revised February 2002)**

##### TRE 6.1 Preface

As a learned technical society, ISA expects that members who participate in the activities of the Society will normally be responsible for the expenses that they incur as part of their participation. In return, member participation contributes strongly to the professional growth of the member. Employers of ISA members benefit greatly by the professional growth of their employees. Because of these benefits to both employer and employee, it is expected that the member will be able to obtain travel cost reimbursement from his or her employer, his or her own funds, his or her local section or from other sources. ISA is under no obligation to provide travel assistance to any volunteer participating in Society activities.

ISA has developed this Society Policy to address those cases related to certain specific activities of the Society for which the member is not able to obtain funding for travel from his or her employer or other sources. The following criteria will be used for selecting Society activities for travel cost reimbursement:

- The activity is of vital importance to ISA.
- The number of available qualified members of the Society is significantly limited.
- It is necessary that the selection of participants not be influenced by the cost of travel.

##### TRE 6.2 PURPOSES

- To explain the budget and expense reimbursement relationship.
- To list the limits of expense reimbursements.
- To establish the rules of qualification for an expense reimbursement.

- To list the positions of eligibility for travel expense reimbursement.

### TRE 6.3 Policy

#### TRE 6.3.1 The budget and expense reimbursement relationship.

- All funding for travel expense reimbursement shall be included in the annual budget of the Society. In selecting the timing and location of meetings, consideration shall be given to travel cost to ISA, travel cost to the member or his or her employer, and the time away from home or work required of the member. Meetings, which can be scheduled to take advantage of low, weekend air travel rates shall be encouraged. In addition, persons traveling to meetings are encouraged to find the least expensive practical means of travel where alternative fares are available.
- Control of reimbursed volunteer travel expense for ISA under this Society Policy is achieved by careful attention to the budget. During the preparation of the budget, each department is responsible for requesting travel support for each of the activities under its control through staff.
- A request for travel funds for a committee which does not report to a funded department should be prepared by that committee and sent to the Executive Committee before the date on which, according to the budget preparation calendar, budget requests are due from volunteer leaders. This is usually immediately following the Spring Leaders Meeting.
- When the Executive Board approves the annual Society budget, normally the last Executive Board meeting of the prior year, ISA travel support for activities covered by this Society Policy are established for that budget year.
- The total amount of funds available for inclusion in the budget for volunteer travel support exclusive of business activities and governance positions (Executive Committee, Executive Board, District and Department Vice Presidents, Region Chairs, Division Directors) will not exceed 0.4% of the annual revenue budget for the year unless authorized by a two-thirds majority vote of the Executive Board.

#### TRE 6.3.2 Basis for travel expense reimbursements.

##### TRE 6.3.2.1. Transportation

- Travel by air: Large discount fares with penalties are encouraged where the probability of cancellation is low. Penalties for cancellation will be paid where authorized by the staff Director, Finance and Administration. Otherwise, round trip coach should be utilized if available. When traveling internationally while working under United States government contract, a United States-flag air carrier should be used when practical. Ground transportation to and from terminals will be reimbursed.
- Travel by public ground transportation: Round trip rail and/or bus fare and local fares to and from terminals.
- Travel by private automobile: The mileage reimbursement rate for travel by private automobile is in accordance with U.S. Internal Revenue Service

Guidelines, plus tolls and parking. However, for round trips in excess of 1600 kilometers (1000 miles), the reimbursement shall not exceed the cost of the lowest discounted coach airfare.

- Travel by rental car: Full costs may be included if no other transportation means are available and the cost is less than other public means of transportation (airfare plus taxi, bus, train, etc.). Class of rental car will be mid size or less. Car-pooling should be encouraged.

#### TRE 6.3.2.2. Other expenses.

Actual hotel room expenses at a mid level business hotel (Hilton, Marriott, Radisson, Sheraton, etc.) for each day at the meeting or on official Society business. Actual cost for meals will be reimbursed at a maximum of \$50 per day. Approval may be given for additional days if this results in an overall reduction in travel reimbursement. Expenses that exceed these prescribed levels require approval of the Society Treasurer.

#### TRE 6.3.2.3 Non travel related expenses.

Society officers performing governance duties may be reimbursed for telephone, postage, and other miscellaneous expenses as required by the office to fulfill the needs of the Society subject to the funding limitations described in 6.3.1.

#### TRE 6.3.3 Rules for Paying a Travel Expense Reimbursement.

TRE 6.3.3.1. Travel expense reimbursement may be paid by ISA under the following conditions:

- The person is not able to obtain funding elsewhere.
- The person is among those eligible to receive a travel expense reimbursement as defined later in this Society Policy.
- Funding for travel has been authorized and approved in the annual budget.
- A request for a travel expense reimbursement is submitted on an official ISA expense report form and in accordance with the rules related to that form.
- The travel expense reimbursement request form is approved by the ISA Director, Finance and Administration.
- Reimbursement is conditioned upon delivery by the volunteer to the officer responsible for the appointment of a comprehensive written report on the substance of the meeting or function and any implications for the conduct of the Society's activities within 30 days after the conclusion of the meeting or function.
- Expense claims with original receipts must be submitted to ISA Headquarters, attention Director, Finance and Administration, within 30 days from the end of travel. All expense claims must be finalized by January 31 of the following calendar year.

TRE 6.3.3.2 Travel reimbursements cannot be made after the department/officer has been notified that the travel budget has been exceeded.

TRE 6.3.4 Activities eligible for travel expense reimbursement.

Persons holding the following Society offices and participating in the following activities are eligible to receive reimbursement for travel expenses incurred in connection with the activity when funding from other sources is not available and ISA budget funds have been authorized.

Funding is limited to the stated amounts for Governance Activities in items TRE 6.3.4.1 through

TRE 6.3.4.6 and for other Society activities in item TRE 6.3.4.7.

Activities eligible for funding are categorized into 4 types:

- **Society Governance** – to execute the oversight responsibilities of the governing bodies of ISA.
- **Intra-Society activities** – to accomplish tasks within ISA between various organizational units and affiliates.
- **Inter-Society meetings** – to attend meetings of outside organizations as an official representative of ISA provided such attendance serves the direct interests of ISA.
- **Business activity** – to provide direct support for an ongoing Society product or service that is undertaken as a business venture.

TRE 6.3.4.1

Executive officers fulfilling leadership responsibilities in conjunction with Executive Committee meetings, Executive Board meetings and other business travel undertaken in the best interest of ISA - **Type: Society Governance, Business Activity**

President, President-elect Secretary, Past President (**Revised 25 October 2005**)

At the beginning of the President-elect Secretary term, the officer receives a budget of \$60,000 for their 3-year term.

Treasurer

Annual budget is \$6,000

TRE 6.3.4.2

Executive Committee meetings not held in conjunction with Leaders Meetings - **Type: Society Governance**

Treasurer, District Vice President Representative, Department Vice President Representative

Annual budget collectively is \$15,000.

TRE 6.3.4.3

(**Revised 12 June 2002**)

Parliamentarian for attending Executive Board Meetings - **Type: Society Governance**

Annual budget is \$4,000

TRE 6.3.4.4  
(Revised 16 April 2003)

District Vice Presidents for serving the needs of their District and travel to Leaders Meetings - **Type: Society Governance, Intra-Society activities**  
Annual budget is \$4,000 each  
District 4, District 12, and District 14 Vice Presidents annual budget is \$6,000 each

TRE 6.3.4.5

Department Vice Presidents for serving the needs of their Department and travel to Leaders Meetings - **Type: Society Governance, Intra-Society activities**  
Annual budget is \$4,000 each

TRE 6.3.4.6

Region Chair for serving the needs of his/her region (Latin America) - **Type: Intra-Society activities**  
Annual budget is \$3,000 each

## **APPENDIX G – ISA LEGAL LIABILITY AND FINANCIAL GUIDE**

Approved October 19, 1990

### **INTRODUCTION**

The complexity of Society activities, and any disregard of legal and financial policies surrounding those activities, could lead the Society to a major disaster. The awareness of legal and financial consequences should play an important and major role in planning many of the Society's activities. Although several Society "Operating Guides" are in use, presently the financial sections focus mostly on the mechanics for receipt and disbursement of funds, record keeping, reconciling bank accounts and routine transactions. This guide is intended to address the more theoretical financial and legal liability concerns and supplements the present data appearing in the various Society operating guides, including the Society Manual of Organization and Procedures.

It is fundamental that only ISA members may serve in District and Division positions.

### **RELATIONSHIP OF DISTRICTS AND DIVISIONS TO THE SOCIETY**

While ISA Districts and Divisions have their own governing structure and officers, they are not separate legal entities from the Society; actions taken by Districts or Divisions could result in legal liability to the Society. Therefore District and Division officers should recognize that they have obligations to the Society as a whole and not just to their respective District or Division. District and Division policies or activities may not conflict with Society policies.

Society policy requires Districts and Divisions to undertake activities only within the financial resources allocated to that District or Division. Accordingly, proposed activities must be carefully reviewed before commencement to assure that the District or Division has the funds to meet all certain and **potential** obligations which will be incurred. Additionally, proposed activities should be carefully reviewed to assure that there is no undue risk of legal liability to the Society.

### **LIABILITY OF OFFICERS**

Holding a District or Division office does not immunize a person from personal liability resulting from District or Division activities. However, as long as an officer exercises the ordinary diligence and care of a reasonable person, the risk of personal liability is minimal, even if actions or decisions end adversely. Still

District or Division officers have the legal responsibility to review proposed actions carefully before committing to the.

District and Division officers should be well acquainted with the governing rules for their respective groups as well as the Bylaws and Manual of Organization and Procedures. Additionally, they should be alert to any activities which may violate antitrust or other laws.

## **COMMON LEGAL CONCERNS**

### **Meeting and Exhibit Contracts**

Districts and Divisions often sponsor conferences or symposia, many with exhibits. To conduct such events, the District or Division must enter into contracts. For conferences and symposia alone, there may be only a single contract with a hotel. If exhibits are involved, there will be numerous contracts, including a contract with the facility where the exhibit will be held, a contract with the exhibitors, and probably, contracts with suppliers of special services. Each of these agreements carries significant legal obligations.

Regardless of the size of the meeting, the contracts should be in writing and should be mutually binding on both the District or Division and the other party. Oral agreements should be avoided. Oral agreements can be just as legally binding as written ones, but misunderstanding frequently arise and enforcement is more difficult. It is better to have the terms in writing, especially if a dispute arises.

Care must be taken to make certain that no binding oral or written agreement is made during negotiations. Seemingly innocuous statements, such as "We'll be there," could bind the District or Division prematurely. An exchange of letters could form the basis of a binding contract. Until the District or Division is ready to commit, all communications or negotiations with the other party should clearly indicate that no contract exists as a result of that communication.

Beware of form contracts provided by the other party, particularly hotels. They are designed mainly for the protection of that party. They often contain unacceptable clauses, such as holding the individual signing the form individually responsible for payment of the charges or giving hotels, the right to move a District or Division meeting to another hotel. Additionally, such contracts rarely contain clauses which obligate the party in the event of a breach of contract by them. Even if a form contract is used, changes can be negotiated and unacceptable terms altered.

Facility contracts with municipal governments may be next to impossible to change. However, many cities will work with the organizers of functions at their facilities. Accordingly, these form contracts should be reviewed carefully.

All contracts with facilities and suppliers should have cancellation clauses allowing the District or Division to cancel without liability on or before a specified date. They also should allow cancellation without additional liability if circumstances beyond the control of the party seeking to be excused prevent further performance of the agreement.

It should be clear that the person executing the contract on behalf of the other party has the authority to do so. Adding a statement to the contract that the individual signing has such authority is helpful. A person's title is usually indicative of the authority of the person. A manager has the apparent authority to sign a contract while a secretary may not.

Once the written agreement is executed, any subsequent changes also should be in writing only.

### **Particular Contract Issues**

The obligation of both parties and the rates, fees, and charges should be clearly outlined in the contract in a way that an objective, non-party can understand. In addition, other issues should be addressed.

Indemnity and Insurance. Hotels and suppliers should be willing to indemnify the District or Division for any claims which may arise from the provision of their services, and clauses to that effect should be included in the contract. Facility contracts, especially those issued by municipalities often require the organizer of an event to assume the liability for the conduct of exhibitors and attendees. While there is little that can be done with regard to the attendees, every exhibitor contract should pass this assumption of liability to the exhibitor by requiring the exhibitor to indemnify the District or Division for anything the exhibit may do which imposes liability on the District or Division. Any clauses which require the District or Division to indemnify another party should be reviewed by ISA legal counsel before execution.

In addition to requiring suppliers and exhibitors to indemnify the District or Division, the contracts should also require them to maintain adequate general comprehensive liability insurance, worker's compensation and employer's liability insurance. Certificates of insurance showing that the requisite coverage is in force should always be requested.

The Society maintains general comprehensive liability insurance which extends to cover District and Division activities. However, some activities may involve risks not covered under that policy. Before agreeing to any insurance obligations, the extent of those obligations should be reviewed by ISA legal counsel and, possibly ISA's insurance broker.

Default. Every contract should provide contingencies in the event of default by either party. These contingencies will vary depending on the nature of the contract.

### **Antitrust Issues**

Anytime individual employed by competing organizations meet, the potential for violating antitrust laws exist. In order to minimize that potential, certain topics of discussion must be avoided. These include any discussions of pricing policies, marketing strategies, or similar topics such as:

- Past, current or future prices of products or services
- What constitutes a “fair” profit margin
- Increases, decreases, standardization, or stabilization of prices
- Pricing procedures
- Cash discounts and credit terms
- Control of sales territories
- Allocation of markets
- Refusals to deal with a particular company because of its pricing or distribution practices
- Whether or not the pricing practices of an industry are unethical or involve unfair or deceptive trade practices
- Status of litigation against competitors

The penalties for violating the antitrust laws can be severe. In addition to awards of triple damages and attorneys’ fees, some violations can result in criminal fines and even jail terms.

Accordingly, all meetings should have a set, written agenda circulated in advance. Deviations from those agendas should be discouraged and any discussions involving pricing or marketing or products should be ended immediately. Minutes of the meeting should accurately reflect what transpired.

### **USE OF LEGAL COUNSEL**

As the above illustrates, almost every activity of a District and Division can have direct or indirect legal ramifications. ISA has a staff and other legal counsel available to advise on these matters. Districts and Divisions are encouraged to ask for assistance from counsel through their respective staff contacts. Counsel can:

- Provide guidance on antitrust and trade regulation compliance
- Held and assure maintenance of tax-exempt status
- Provide objective advice on various Society positions, policies and programs
- Provide valuable experience on legal and non-legal matters

## **Legal Summary**

Anytime that ISA becomes visible, regardless of how small a meeting, there is a possibility it will be sued. It is extremely important for District and Division leaders to be aware that any commitment made by a District or Division is a commitment of the Society. What may appear to be a simple signing of an agreement can result in a major financial and legal disaster. Because of complexities of the law, Society leaders should have all contracts reviewed by Society legal counsel before execution.

## **FEDERAL TAX EXEMPTION**

ISA must adhere to strict and specific requirements to avoid revocation of its tax-exempt status. One major area of concern that could cause a revocation of ISA's tax exemption is a concept known as "inurement" (analogous to dividends by for-profit firms). Even an incidental amount of inurement to members may be enough to revoke a tax exemption. The laws, rules and discussions on educational and charitable organizations are enormously intricate. An audit of finances by the IRS is much simpler than a "compliance" audit in which the IRS seeks revocation of tax-exempt status for any activity that doesn't conform with the organization's purposes. Accordingly, the Society must have total knowledge of business transactions entered into by the Districts and Divisions.

One program many Districts and Divisions initiate which has potential to violate the federal tax laws against inurement is student scholarships. While it is permissible to offer scholarships, certain rules and procedures must be followed. These have been summarized in Appendix 1 to this Guide.

## **FINANCES**

Because ISA Districts and Divisions are an integral part of the Society, District and Division leaders must insure that their respective District or Division expenses do not exceed the funds allocated and are consistent with the Society's policies and goals.

### **Budgeting**

Districts and Divisions are required to prepare an annual operating budget reflecting anticipated receipts and disbursements. The budget should include allocations from the Society's general funds, and revenue or expenses from any projects undertaken by the Districts or Divisions such as symposia, exhibition, or scholarship programs. These budgets should realistically project the District or Division's finances for the next year.

After a budget is prepared, it must be submitted to the ISA Executive Board for approval. Currently, Division budgets are required to be submitted by March 1 to the Department V.P. for review and approval the Spring Leaders Meeting. District budgets are to be submitted by August 1 for review and approval at the annual meeting. The budget should describe projects so that they can be reviewed for consistency with Society policies.

Additionally, all meetings and special project budgets must be reviewed by the Executive Board, preferably with the consolidated District or Division operating budget. The information submitted with the budget must show that the project will generate a surplus, break even, or that the District or Division reserves are adequate to cover projected losses.

All budgets should be reviewed periodically and compared with actual receipts and disbursements. If revisions are necessary, they must be reviewed by the Executive Board as well.

### **Banking**

All receipts, disbursements, and banking transactions must be processed through ISA's Accounting Department. If a temporary bank account is needed (mainly for cash collected at a meeting site), an account can be opened, and kept open, until all checks have cleared. Once this occurs, bank statements and all records are to be sent to ISA Headquarters, c/o the Director of Finance and Administration.

In opening a bank account, the bank will request an ID number. ISA volunteers should never give their personal Social Security number. The District/Division can obtain a federal ID number by filing a simple SS-4 Form. The SS-4 Form can be obtained from the local IRS office, or by phoning ISA. The ID number should be applied for to the IRS, well in advance of the meeting. ISA never gives out its own ID number, mainly for control purposes and to avoid confusion.

### **Payments**

Supplier invoices for materials or services purchased by the District/Division for specific meeting functions should be compared against budget, approved and sent to ISA Headquarters for payment. Significant variances or non-budgeted items must be promptly investigated and brought to the attention of the respective Department Vice President who will review the item for compliance with Society policy or if it needs to be taken before the Executive Board.

When conducting a meeting at a hotel, it is important to distinguish between District or Division charges and attendee charges. Designate clearly, in writing, to the hotel, which charges are to be made against the ISA (District/Division) master

account and which charges are to be paid by individual attendees. Review the master account before leaving the site.

### **Reimbursement of Expenses**

Generally, Society policy prohibits reimbursement of expenses incurred by Society volunteers. However, Executive Board members may be reimbursed for expenses, including travel, within limits established by the Executive Board. (See TRE 6)

### **Speakers Honoraria**

Honoraria paid to speakers must be a budgeted line item expense in the Symposium budget (see MOP MTG 5.8, including limit).

### **Meeting Funding**

If requested, the Society may advance the initial funds for operation of a meetings committee after Executive Board approval of the meeting. These funds must be included in the approved budget as a reimbursement to ISA and must be repaid before the meeting surplus or deficit is calculated.

### **Financial Statements**

Interim as well as a final Financial Report for a meeting will be prepared and distributed by the Headquarters Accounting Department. The report will include the Executive Board approved figures for comparison with actual.

**Exhibit C – Comparative Society Membership Dues**

Prepared 11/6/07

<u>Society</u>	<u>Annual Dues</u>	<u>Division Dues</u>	<u>Comments</u>
ISA	\$ 85	\$ 9	
AIChE	\$ 199	\$7 - \$20	Subscription rates apply for AIChE Journal and Division Publications. Higher print subscription rates apply for International members. Separate dues apply for Section membership.
IEEE	\$ 165	\$12 - \$42	Membership runs 1/1 - 12/31. Lower dues rates apply to non-US members. Half year memberships available. On-line access to the members magazine included with membership. Dues for Technical Societies are extra
ASME (Mechanical Eng.)	\$ 129	5 included	Retired member dues \$64. Graduated membership rates apply from 0 - 4 years after graduation. Discounts for International memberships apply.
American Chemical Society	\$ 136	\$8 - \$54	Recent graduates get 50% discount. Living outside North America add \$58 for C&EN postage. Additional postage charges for International members of Divisions.
ASCE (Civil Eng.)	\$ 205	1 Included	Graduated dues apply from 1 - 4 years after graduation. Section/Branch dues are extra.
American Water Works Assoc.	\$ 150		Some Section charge additional membership dues. <i>Waterweek</i> email subscription is extra charge.
American Welding Society	\$ 80		Section membership is free.
ASM International (Materials)	\$ 107	\$0 - \$50	
NACE	\$ 130		
Optical Society of America	\$ 100		One free on-line journal subscription included with membership. Membership in Technical Groups is free. Print journals have an extra cost for international delivery.
Society of Petroleum Engineers	\$10 - \$80		Dues is based on income and country of residence. Additional one time entrance fee applies.

**Exhibit D – Volunteer Travel Funding Model**

<u>Proposed Plan</u>				
<u>Position</u>	<u># Individuals</u>	<u># Trips</u>	<u>Cost/Trip</u>	<u>Total Cost</u>
Dist VPs	11	3	1,600.00	52,800.00
Dist VPs - non-NA	3	3	3,500.00	<b>31,500.00</b>
Dist VP Section Travel	11	6	500.00	<b>33,000.00</b>
Dist VP Section Travel non-NA	3	6	800.00	<b>14,400.00</b>
Dept VPs	7	3	1,600.00	33,600.00
Dept VP non NA	1	3	3,500.00	<b>10,500.00</b>
Dist VPs elect	11	2	1,600.00	<b>35,200.00</b>
Dist VPs elect non-NA	3	2	3,500.00	<b>21,000.00</b>
Dept VPs elect	7	2	1,600.00	<b>22,400.00</b>
Dept VP elect non NA	1	2	3,500.00	<b>7,000.00</b>
Division Directors	17	3	1,000.00	<b>51,000.00</b>
Division Directors elect	17	2	1,000.00	<b>34,000.00</b>
Nominators	11	1	1,000.00	<b>11,000.00</b>
Nominators - non NA	3	1	3,500.00	<b>10,500.00</b>
<i>Student teams - North America</i>	<i>55</i>	<i>0</i>	<i>1,000.00</i>	-
<i>Student teams - non-NA</i>	<i>15</i>	<i>0</i>	<i>3,000.00</i>	-
				367,900.00

<u>Current Funding Model</u>	
Dist VP	65,000.00
Leader Training Travel	39,000.00
District expense claims	50,000.00
Dept VP	32,000.00
Division Directors	34,000.00
reduce rebate expense	2 100,000.00
	320,000.00

Notes:

1. Number of trips - 2 Society leader meetings, annual leader training meeting  
6 trips to visit Sections
2. Nominators attend Spring or Summer Leaders meeting for 3 days
3. Students teams are 5 person teams
4. Bold values identify new or increased spending items.