

PA-ABY-635
JSM 90698

**Association Building:
Training Course Materials and Informational Packets
For Professional Associations**

English Version

Prepared for
United States Agency for International Development

Prepared by
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CHECKLIST FOR STARTING A NEW ASSOCIATION

- 1) The first priority is developing a core of strong, articulate, well-known leaders who will serve as organizers.
- 2) Is there a strong need and purpose for the new organization? Do some market research, and expose the consensus dramatically in the organizing process.
- 3) Do a substantial number of people or firms in the profession or industry believe in this purpose? How many?
- 4) Is there an existing organization already working to accomplish the same purpose or fill the need?
- 5) Is there any organizing money to start? How much?
- 6) Each association needs standards of governance which spell out voting procedures, officers and board nominations and elections, and membership classes and requirements. See Appendix D for sample bylaws.
- 7) What unique and useful activities will the new organization conduct to carry out the main purpose? Develop a program outline.
- 8) What will it cost in terms of an annual budget to finance these activities? Develop an annual budget. Be sure the operating budget is distinct from the start-up budget.
- 9) Will a staff be needed? What will the staff cost?
- 10) How much will members pay to support the activities and programs? Set up an estimated dues scale.

Outline for one day meeting with larger group. (Monday 18 March and 25 March)

Introductions

Henry L. Ernstthal

Other participants -- PADCO staff, legal and financial consultants etc.

program participants

Name, organization, role in housing organization

Write down the most effective and successful act your organization has taken. (share with the group)

What are the needs that you think a regional association could help meet?

Typical benefits of US local/regional housing associations are described

Small groups create their own list and then lists are compiled and a master list developed.

Needs list is amended and prioritized (dot voting followed by discussion)

Given the priorities, what is the best way to organize the start-up of a regional association of housing self-management bodies or an association of the supplier community?

What are the legal requirements? (legal consultant)

What are the advantages and disadvantages of separate associations for self-managed housing and the suppliers or a single association with both as members? (small groups work and contribute to a master list)

Who ought to be the members -- organizations, individuals, both? What do you think the advantages and disadvantages might be? (individuals jot down ideas and we build a list)

What should the geographic scope be?

What are the basic benefits that can be offered that would attract membership? Of the priorities established earlier, what can be delivered that has the highest benefit and the lowest or most realistic cost?

Description of thinking through the idea of cost/benefit. (see the attached grid)

How might decisions be made? everyone votes, representation (how organized)

Who would like to and should be involved in the development of a detailed plan for the establishment of a regional association? (nominating and selection process?)

Understanding the balance of programs and the need for revenue.

Makes money	CASH COW	STAR
Loses money	DOGS	?
	Low relation to mission	High relation to mission

**SMALL WORKING GROUP --
TUESDAY, 19 MARCH & 26 MARCH
ASSESSING MARKET NEEDS AND ESTABLISHING THE
MISSION**

Step One: Review the outcomes of Monday's work
*Is there interest in forming a regional association of Housing
Self-Managing Bodies (HSMB)?*

How strong is that interest?

Step Two: Assessing the need for market research.

Understanding why the leaders are not the same as the market.

The need to be market driven

The nature of the voluntary membership organization: why the
Regional Association of HSMB is different from a HSMB

What do you need to know about potential members?

Who might they be?

HSMBs as members -- institutional membership

HSMB volunteer leaders

Chief elected officers

Other officers

Board members

HSMB resident managers and their staffs

Suppliers of products and services

Relevant government officials

Others

What are their resources?

What are their needs?

What is their location? Setting the geographic boundaries of the
association.

How many potential members are out there?

What will they perceive as value?

*Now that we know how little we know, we need to make some
assumptions so that we can plan. (the group answers the
questions.)*

What are other possible sources of revenue?

Government support

Foundation support

Non-member supplier support

**Step Three: How can the planning group find out more
accurate information about potential members and other
important data?**

Questionnaires

personal interview

telephone interview

mail survey

Convening informational meetings

Are there any model of associations in the region that can be looked to for ideas that work?

model bylaws

model programs and publications

How can they be identified and their cooperation sought?

Step Four: Crafting a draft of the mission statement or statement of purpose.

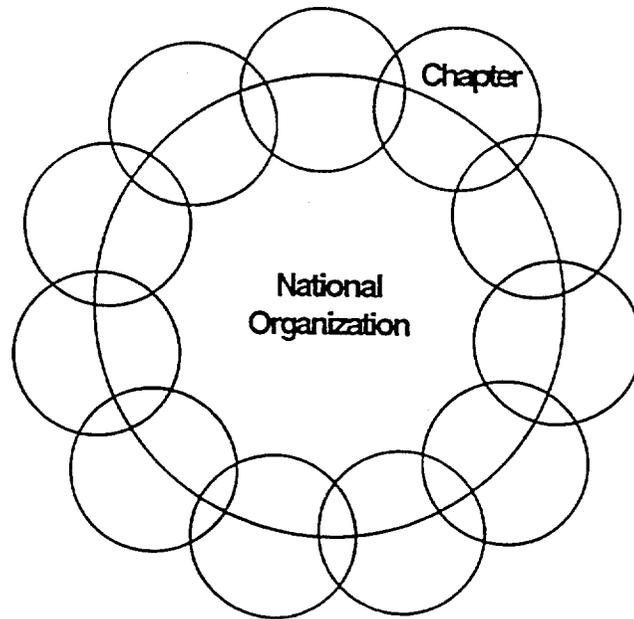
How will consensus be built around the mission?

CAI 1989 governance manual
Chapter Leadership Training
Manual & other materials.

CAI is a national organization representing more than 14,000 homeowners, community associations and affiliated professionals. Founded in 1973, CAI actively addresses the diverse issues that affect the community association industry, educates and informs community association leaders and professionals, researches and reports trends, and influences legislation. With the impact of a national organization and the local influence of 57 chapters, the Institute is the primary association representing the owners of common-interest housing and the professionals who provide services and products to the nation's community associations.

Partnership with Chapters

As a national organization comprised of both individual and company members, CAI operates within a national/chapter structure. It is through a supportive relationship between the national organization and its chapters that CAI has become the national voice for the community association industry. The success of this partnership relies upon the strengths of both the national and its chapters combined with a willingness to collaborate and cooperate in areas of mutual interest. This interdependence exists not only between national and its chapters but also among chapters.



The national organization and its chapters are united by a strong common vision. By making the most of our resources, each of us has much to gain from our partnership. Similarly, we each have much to lose should one of us fail to fulfill our obligations to the other. At the essence of our partnership is the understanding that:

- ▲ Each partner understands its strengths, roles and responsibilities.
- ▲ All parties perform as members of a team in creating positive, productive relationships.
- ▲ All parties pursue CAI goals with the highest standards of quality, integrity and professionalism.

A Guide to Starting An Association

by the American Society of Association Executives

For almost every association today, there was a moment when a group of people looked at each other, perhaps around a conference table or in a restaurant, and said, "We need our own organization."

For your group, it might be an industry crisis, a need to certify persons practicing in the field, or a time to move away from a parent organization. Whatever the impetus, the decisions made by the founders during the start-up period will have a profound impact on the success, the effectiveness, and the longevity of the new organization.

Building the Foundation

The first need is to identify a core group of leaders to serve as the organizing committee. These men and women should be chosen with care because they will probably become the new association's first officers and board members. It is particularly important that you identify recognized leaders, because an effort spearheaded by such key players will gain immediate notice and credibility, and help to ensure an immediate following during this important start-up period.

The following steps will help you know where to start.

- 1.) First articulating your purpose. Why does this new organization need to exist? Your purpose might well contain a sense of urgency, and it will serve as a rallying point for potential members.
- 2.) Look at the competition. What other groups are out there serving your constituency? What services are these other groups offering and how satisfied are their members?
- 3.) Identify potential consumers. How many people or companies are potential members of your organization? Do they represent a base large enough to support a trade or professional association?

A lot of information must be acquired, but it can be obtained fairly easily with a little networking and perhaps some minor sleuthing. If possible, send for membership information from every competing organization. The more you know about the others, the better you'll be able to structure your group to fill unmet needs.

Don't skimp on this important homework! In the excitement of building a new association, there's a tendency to want to start business immediately; but time spent studying the market in which you'll operate is crucial to the future success of your organization.

Many experts recommend hiring someone to do a feasibility study at this time, and there's no question that such a study will yield valuable information for your organizing committee.

Financial Support:

You ask yourself, "How will we finance the new organization?"

You'll want to set the dues for each membership category at this stage. This is a most important decision, because you'll have to live with it for some time. Your dues structure should meet the growth demands of your organization, generate adequate income, be equitable, and lead to accuracy in reporting. It should also be easy to administer.

After setting dues and estimating probable dues income, identify all other sources of potential income. Do you expect dues to be your only source of revenue? If so, you'd better proceed carefully, because according to ASAE's most recent Association Operating Ratio Report, 8th edition, dues represent less than 50% of total revenue for most associations today. Will you collect fees for certain programs like certification or data collection, realize funds from the sale of publications, hold a trade show or continuing education programs? (3)

A realistic budget should be carefully constructed including a contingency fund for shortfalls. Again, you may want the services of a consultant to help you value your services and estimate volume of sales as well as to identify the probable costs for administration, publications, conferences, etc.

You'll also want to consult the most recent edition of ASAE's Association Operating Ratio Report. This useful publication will show you major sources of income and expenses for many different kinds and sizes of national, international, regional, state, and local associations.

Program of Activities:

The above financial considerations lead naturally to further consideration of the services you will offer. The trend in associations today is toward "unbundling," that is, offering a small number of core services that accrue to members as a benefit of membership, while making others available on a fee basis.

Look for services that are almost universally needed or desired in your constituency and make them a part of the benefits that come with membership. Make the others part of a fee-for-service program. You may want to set some priorities here, listing services that you'll offer right away, and others that you'll phase in as your growth allows.

Meetings can be an excellent source of income, and some organizing committees have donated or lent "seed money" to a start-up organization for an initial annual meeting.

While planning your program of benefits, remember that you're really no different than a company offering new products to consumers. You need to consider all the facets that would go into a marketing operation: the product, the price, the promotion, and the distribution.

In today's litigious society, no sensible person should sit on a board that doesn't provide such coverage, and indeed, you may have trouble attracting qualified and desirable board members without it.

Directors assume legal responsibilities when they agree to serve on a board, and almost every kind of association activity can be the basis of a claim of injury by a company or individual. This is particularly true for trade associations where violations of antitrust laws may be alleged.

Even when claims prove groundless, the cost of defense can be enormous. D&O (Directors and Officers) insurance, as it's called, protects the directors, and sometimes staff as well, by paying for claims and the defense against them.

Costs for D&O insurance have come down in recent years, and many different policies are now available. However, policies vary greatly in their coverage and their exceptions, so it is important that you examine many different policies and compare coverage carefully. Again, the advice of a consultant or an experienced insurance broker would be desirable. Another option is to call ASAE's Services Corp. for information on group insurance programs. The phone number is (202) 626-2751.

Conclusion

And so, your work is finished. It's been a time-consuming, labor intensive effort, but most people find the birth of a new organization to be extremely rewarding. In addition, as the organization prospers in future years, your core committee will have the satisfaction of knowing that much of that success is due to the careful planning and decision-making of the organization's founders.

Before you get started, there's one more important item to consider. You may have already wondered, "Is there a similar association already in existence?" To find out, simply look through the Gale Encyclopedia of Associations. This giant, multi-volume reference guide is found in virtually every public and college library across the country. Its unique feature is the "name & key word" index. You can look up any subject, and the index will direct you to every association involved with that particular issue. The main listings provide complete descriptions of each association, their mission, and contact names and phone numbers. Published annually.

For more detailed information in how to start your own organization, ASAE has a complete, executive briefing for consumers on "Starting an Association." It provides further information you may need. To purchase a copy, call (202) 626-2748. Price is \$9 per copy. If you have additional questions or would like to speak with the ASAE staff directly, call (202) 626-2734.

asae



AMERICAN SOCIETY OF ASSOCIATION EXECUTIVES
The ASAE Building
1575 Eye Street, NW
Washington, DC 20005-1168

**SMALL WORKING GROUP
WEDNESDAY, 20 MARCH AND 27 MARCH
DETERMINING WHAT THE ASSOCIATION WILL DO AND HOW
IT WILL BE FINANCED.**

Review of the previous day -- Who are the members?

Step one: What are the potential program areas?

Publications

- periodicals
- books (prepared or resales)
- brochures and pamphlets

Meetings and educational programs

- formal presentations by members or outside experts
- panels
- workshops

Certification programs

Statistics

Consulting services

Government relations and advocacy

Networking opportunities

Access to discounts on goods and services

Group purchasing services

Insurance services

Other ideas

Step two: What products and services meet the most immediate needs?

What do the members need to know most?

How can this information be best and most cost effectively be delivered?

Step three: Understanding and getting control of the association's finances.

Basic accounting issues (can this be taught by someone knowledgeable about local accounting practices?)

- chart of accounts
- balance statement
- income-expense statement
- program based budgeting

Where will the money come from?

Dues

structure -- flat or progressive based on some measure of size?

what does the member get for the dues? A strategy for bundling or unbundling.

How much to charge for dues.

Products and services to members and non-members.

Should non-members have access to association products and services at all?

If they should, what should the member discount be?

Access to buyers by sellers.

Advertising

Sponsorship

Trade shows

Other sources -- grants and contracts

Government

Foundation

Straight contributions

Step four: The budget process.

The basic approach: conservative revenue projections and liberal expense projections lead to surpluses that can be reinvested.

Budget program by program

Setting priorities: a return to Monday's grid.

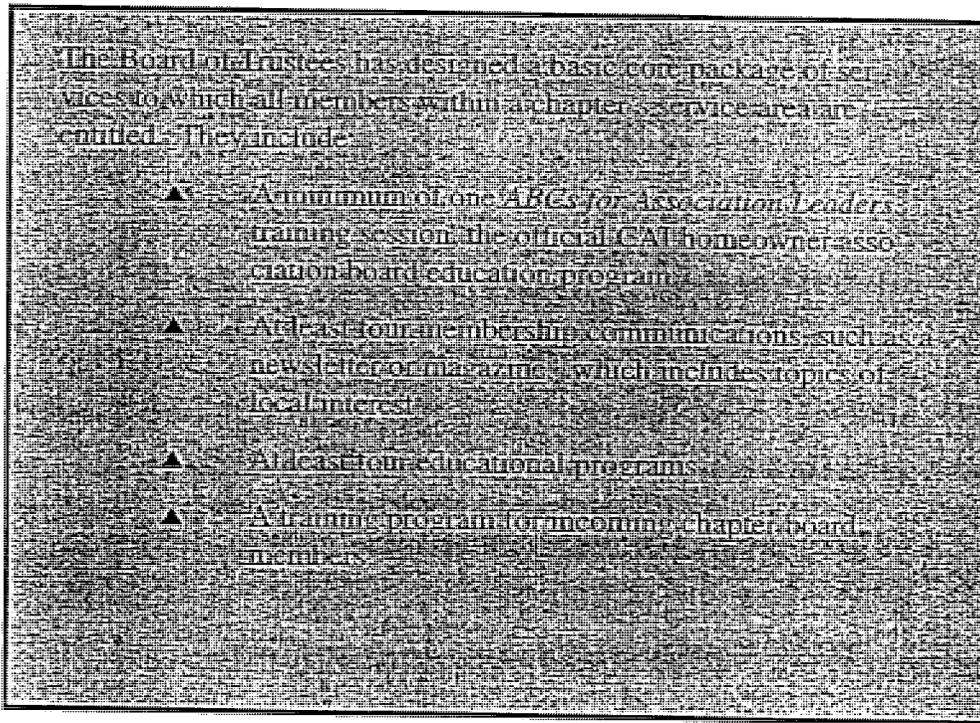
Accounting for the time of paid staff.

Start up problems -- lack of history -- how to estimate revenues and costs.

he previous chapter focused on the structure, goals and services/programs of the national organization. This chapter will focus on the purpose and goals of CAI chapters and their role in running and delivering services to CAI members.

Chapter Core Services and Activities

the national organization tends to focus on industry-wide issues and programs to support all members, the jurisdiction of a chapter is in its local area. Chapters deliver programs close to home to members and on topics that reflect the needs and interests of their particular members. They can respond quickly to localized concerns or problems, often with the assistance of national CAI.



As a chapter leader, it is your responsibility to ensure that this basic core package of services is delivered.

Additional Services

Small chapters, with membership near 100, may find that providing the minimum required services and activities for their members is all that they are able to do. As chapters grow and their volunteer base increases, additional services and activities become viable. Let's take a look at the types of services that some of our chapters are able to provide according to their size

101-200	201-499	500+
1 Program/bimonthly	1 Program/month	2 Programs/month
1 Communication/bimonthly	1 Communication/bimonthly	1 Communication/monthly
1 ABCs yearly	2 ABCs yearly	2 ABCs yearly
Board training	Board training	Board training
Awards program	Awards program/dinner	Awards program/dinner
Directory	Directory	Directory
Golf Outings	Golf Outings	Golf Outings
Cookoffs	Cookoffs	Cookoffs
Casino Nights	Casino Nights	Casino Nights
CA Day	CA Days/Trade Shows	CA Days/Trade Shows
	Conference	Conference
		Chapter "Hotline"

Of course, larger chapters can provide many more services than smaller chapters. As a leader, encourage your volunteers to add new products and services as the chapter is able to accommodate them. These activities are a valuable means of attracting new members, retaining the commitment of your current members and serving as sources of non-dues income.

Supporting Enhanced Services

How are chapters able to support a broader range of activities? In addition to having effective committees and a committed volunteer structure, most of them have paid staff. Employing sound business techniques to manage these activities and programs, many generate non-dues income which helps to subsidize their staff. Some of the methods used to generate income are:

- ▲ **Sponsorships.** Every event, from a regularly scheduled chapter program to the most elaborate CA Day, should have sponsors. Individuals or companies can sponsor single events or they can sponsor the chapter on a yearly basis. Some chapters have developed tiered sponsorship programs. Refer to the samples at the end of this chapter for ideas.
- ▲ **Advertising.** Most chapters use paid advertising to offset the costs of producing directories and newsletters/magazines. The advertising can be anything from simple business cards to professionally designed displays. Sample rates have been provided at the end of this chapter.
- ▲ **Premium Rates To Non-Members.** Price differentials between member and non-member participation is practiced by most chapters. Whether it be the cost of an exhibit booth, an ad or en-

trance to a program, CAI members should pay less than non-members. Although you can't require non-members to purchase a membership, you can charge a premium that reflects the members' dues subsidy of that program, or the market rate — one that makes them think twice!

These examples of non-dues income only scratch the surface of possibilities. If you need more ideas, contact the CAI Membership and Chapter Relations Department.

Recertification

The annual recertification program was adopted by the Board of Trustees in 1977 to provide minimum standards of member service and activities for CAI chapters and to assure that CAI chapters handle their legal and tax responsibilities in a manner that protects both the chapter and volunteers. Your chapter's certification status and subsequent charter renewal is determined annually by the Board of Trustees during the CAI spring national conference, after it has considered the recommendations submitted by the Chapter Resource Council. Certified chapters receive a portion of all dues collected from CAI members located within their boundaries to subsidize their basic operations.

One of your primary annual goals as a chapter leader should be to achieve full recertification. It is your assurance that members are receiving the minimum quantity and quality of services they deserve.

Levels/Implications of Recertification

1. **Full recertification.** Your chapter has met all recertification requirements, indicated by compliance with all 13 items listed on the Certificate of Compliance.

Implication. Receive dues rebates; full eligibility to participate in all Chapter Awards Programs

2. **Conditional recertification.** Your chapter has submitted items 1-6 on the Certificate of Compliance, but displays noncompliance with one or more of items 7-12 on the Certificate of Compliance.

Implication. Receives dues rebates. A conditional chapter is not eligible to participate in the Chapter Awards Program.

3. **Probationary recertification.** Your chapter submittal indicates the omission of any of items 1-6 on the Certificate of Compliance.

Implication. Any rebates earned by your chapter after probationary recertification has been determined by the CAI Board of Trustees will be retained by the CAI national office until such time as submission of all items 1-6 on the Certificate of Compliance has been made to the national office. Upon the approval of these submissions by the CAI Executive Vice President, said rebates will be released to your chapter. A probationary chapter is not eligible to participate in the Chapter Awards Programs.

Note: A chapter may be placed on probationary recertification at the discretion of the CAI Board.

Decertification

Decertification must be preceded by a period of probationary recertification and indicates continued non-compliance of recertification requirements **except** in the case where the chapter displays non-compliance with item 13 on the certificate of compliance. Under the terms of the FTC consent decree, non-compliance of item 13 automatically revokes the charter of the chapter and places the chapter into a decertified status. Decertification will continue until the chapter certifies that it will ensure compliance with item 13, and CAI can accept the chapter back into the national organization.

During the time the chapter's charter has been revoked, all rebates earned by the chapter will be retained by the CAI national office. Under the FTC rules, the chapter cannot be recognized as a CAI chapter, no services or educational programs can be provided to the chapter nor may the chapter use the name "CAI" or represent itself as being affiliated with CAI. Members affiliated with the chapter will continue to receive all normal CAI benefits and services. When the chapter is removed from decertified status, said rebates will be released to the chapter, upon approval by the CAI Executive Vice President, and the chapter will be recognized as a CAI certified chapter with all the rights and privileges thereof.

Required Recertification Submissions and Deadlines

To qualify for full recertification, chapters must make submissions by **April 15** of the recertification year and again by **January 15** following December 31 of the recertification year. Paperwork required from chapters as part of this process has been significantly reduced and is as follows:

▲ April 15 of the recertification year:

1. List of Chapter Board of Directors indicating balance in the areas of specialization.
2. Chapter business plan for the recertification year that includes the proposed budget.

▲ January 15 following the recertification year:

1. Certificate of Compliance containing signatures of the President and President-Elect who served during the recertification year. (See the sample immediately following this section.)
2. Documentation should include:
 - ▲ A copy of the most recent chapter bylaws that are in compliance with the national bylaws, unless already on file in the national office.
 - ▲ Validation that the chapter is currently incorporated within its state.
 - ▲ A minimum of four financial statements, one per quarter.
 - ▲ A copy of the chapter's previous year's federal income tax return.

During the recertification year, it is requested that your chapter mail courtesy copies of its newsletters, board minutes, and financial statements to your Area Advisor and the CAI Membership and Chapter Relations Department.

CAI Chapter Sponsors

COMPANY NAME _____ TELEPHONE _____
 ADDRESS _____
 NAME OF REPRESENTATIVE _____
 NAME OF BUSINESS _____

We wish to be a Sponsor for CAI Gold Coast Chapter
 Gold Sponsorship Silver Sponsorship Bronze Sponsorship
 I am enclosing full payment for my sponsorship in the amount \$ _____
 I wish to pay for my Gold - Silver sponsorship in two installments
 and I am enclosing my first payment in the amount \$ _____
 The final payment of \$ _____ will be made by _____

I am enclosing information necessary for the advertising I will receive through my sponsorship.
 Please bill forward information separately for my advertising.
 Payment must be received by _____

SPONSORSHIP BENEFITS	GOLD	SILVER	BRONZE
Business Card Size Ad in each CAI Newsletter	Yes	Yes	Yes
Directory Ad	Full Page	Half Page	Quarter Page
Monthly Dinner Meeting Tickets	1 ticket	—	—
Day Awards Dinner	1 ticket	1 ticket	—
Tournament	50% off foursome	50% off foursome	—
Company Booth Sponsorship	Yes	50% off	25% off
	Yes	—	—
LIST PRICE:	\$ 950.00	\$650.00	\$350.00
LIST VALUE:	\$1,320.00	\$775.00	\$415.00

In addition, all sponsors will be listed on all programs sponsored by CAI Gold Coast Chapter, have special name printed for the CAI member from the company donating the sponsorship, have the company name displayed prominently at every chapter function, have special "sponsorship designation" in newsletter/director advertising.

Gold and Silver level sponsorships may be paid in two installments. \$650.00/\$300.00 for Gold, and \$475.00/\$300.00 for Silver.

Use Deadline: _____ Payment must accompany Advertising Contract.

Mail your check payable to CAI Gold Coast Chapter, your ad copy and this contract to:

Maryann Kingsmill
 CAI
 13198 Forest Hill Boulevard
 West Palm Beach, Florida 33414
 795-8811 for information

The Broward Chapter of CAI will be offering our members the opportunity to become a yearly sponsor of our chapter. In conjunction with this new sponsorship offer, we will be scheduling new types of programs to provide the opportunity for networking and simply getting to know our members. This is, of course, in addition to the excellent educational programs we will continue to provide. We hope many of you will take advantage of this special new offer.

SPONSORSHIP PACKAGE

SPECIAL PRICE \$600.00

Six (6) Tickets:	Value \$	110
Two (2) Networking Dinners		
Four (4) Manager Breakfast		
Trade Show Booth	Value \$	350
Two (2) ads in Newsletter (1/8 page)	Value \$	70
One (1) Directory Ad (1/2 page)	Value \$	100
Name on Sponsor Board displayed at all meetings	Value \$	150
Name listed in "Yearly Sponsor" column in all Newsletters	Value \$	150
Opportunity to set up display table and speak before the audience at one (1) program	Value \$	150
TOTAL VALUE		\$1,080

Contact the BROWARD CAI OFFICE at (305) 783-9236 for information.

SPONSOR CONTRACT

Yes, I want to be a CAI Broward County Yearly Sponsor! My Sponsor Fee of \$600.00 is enclosed.

Name _____

Address _____

(City) _____ (State) _____ (Zip) _____

Telephone No. _____ CAI Membership No. _____

Name of Contact Person _____ Title _____

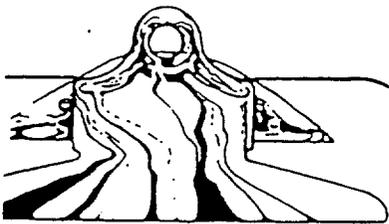
Company Name _____

(Signature) _____

(Date) _____

Make Check Payable to: CAI Broward - c/o Tina DiCrescenzo
6300 N.W. 5th Way - #100
Ft. Lauderdale, FL 33309

Confirmation of your sponsorship and advertising and program information will be mailed to you upon receipt of this Contract and Sponsor Fee.



1993 PROGRAMS

th TOPIC
 Association Operations
 Leadership Training
 National Conference
 (Seattle)

South Jersey - Capital
 Reserves
 Using Committees
 Effectively

South Jersey - Legislative
 Issues
 High Rise Issues
 Golf Outing -
 Battleground Country
 Club

st South Jersey - Roberts
 Rules of Order

mber Advanced Financial
 Operations

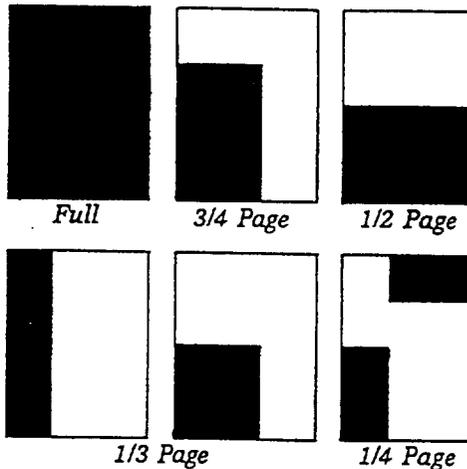
er Annual Conference
 & Expo
 National Conference
 (Atlanta)
 South Jersey - Marketing
 Services

mber New Jersey Law
 Seminar

COMMUNITY TRENDS 1993 ADVERTISING RATES

SIZE	DIMENSIONS IN INCHES	SINGLE ISSUE RATE	12 ISSUE RATE
1/8 Page	2 3/4 w x 2 1/4 h	\$100	\$ 75
1/4 Page	2 3/4 w x 4 3/4 h	\$150	\$110
1/3 Page	4 1/2 w x 5 1/2 h	\$200	\$160
1/2 Page	4 1/2 w x 7 1/2 h	\$250	\$210
3/4 Page	7 1/2 w x 7 1/2 h	\$300	\$260
Full	7 1/2 w x 10 h	\$400	\$360
Classified	4 lines of copy	\$ 50	\$ 40

- All advertising must be camera-ready and is placed on a run of publication basis. No preferred space will be sold.
- Advertising appearing in Community Trends does not constitute a recommendation by the New Jersey Chapter of CAI.
- The New Jersey Chapter reserves the right to refuse any advertisement. Advertisement will be subject to review of the Editorial Board.
- Deadline for submission of camera-ready advertising materials is the first day of the month prior to the month of publication.



1993 COMMUNITY TRENDS ADVERTISING

Enclosed is our camera-ready copy. Please reserve space for a:

___ 1/8 ___ 1/4 ___ 1/3 ___ 1/2 ___ 3/4 ___ Full

___ Classified (please submit up to 4 lines of copy)

We wish to contract for _____ issues at the above rates. Payment must accompany single issue ads. The Chapter will invoice on a quarterly basis for all annual advertisements.

Contact Person: _____ Phone: _____

Firm Name: _____

Type Business: _____

Address: _____

Return to:

CAI, 1230 Parkway Ave., Suite 305, W. Trenton, NJ 08628

Your Ad
Could Be
Here!

Expose
who you are
and what
you do!

Call CAI at
(619) 467-1224
or Fax
(619) 467-1704
for more
details.

COMMON ASSESSMENT ADVERTISING RATES

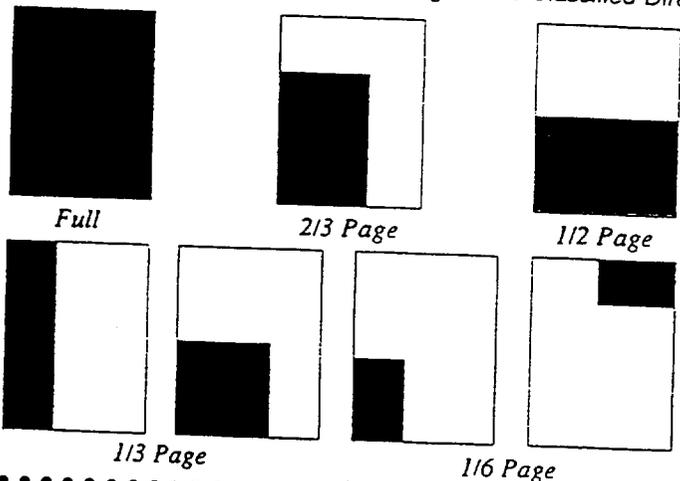
(Rates are per insertion)

SIZE	DIMENSIONS IN INCHES	SINGLE INSERTION	3 TIMES	6 TIMES
1/6 Page	2 1/4 X 4 5/8 (V or H)	\$100.00	\$90.00	\$80
1/3 Page	4 1/2 X 4 3/4 OR 2 3/8 X 10	\$165.00	148.50	\$132
1/2 Page	7 1/2 X 4 3/4 (H)	\$215.00	\$193.50	\$172
2/3 Page	4 3/4 X 10 (V)	\$250.00	\$225.00	\$200
Full Page	7 1/2 X 10 (V)	\$300.00	\$270.00	\$240
Classified	5 Lines of Copy Max/3 Months Min.	—	\$35.00	—

Inside front or outside back covers (1/2 or full only) Add 20% to above full or half page prices. *First come-first served basis*
Non CAI Members: Add 50% to above rates.

- All advertising must be camera-ready and is placed on a run of publication.
- Advertising appearing in Common Assessment does not constitute a recommendation by the San Diego Chapter of CAI.
- The San Diego Chapter reserves the right to refuse any advertisement. Advertisements will be subject to review of the Editorial Board.
- Deadline for submission of camera-ready advertising materials and full payment is the first day of the month prior to the month of publication.
- In order to take advantage of the discounted rate, payment (for the three months) must be made in full at the time of your order.

Every display advertiser is listed free of charge in the Classified Directory.



COMMON ASSESSMENT ADVERTISING

Enclosed is our camera-ready copy. Please reserve space for a:

_____ 1/6 _____ 1/3 _____ 1/2 _____ 2/3 _____ Full

_____ Classified (Please submit up to 5 lines of copy) 3 Months Minimum

We wish to contract for _____ issues at the above rates. Full payment must accompany ads.

Company Name		Contact Name
Address		
City	State	Zip

Authorized Signature _____ Date _____

Are you currently a CAI Member? _____ Yes _____ No _____ Member

Return to: CAI, 7710 Balboa Ave., Ste. 219D, San Diego, CA 92111
(619) 467-1224 • Fax (619) 467-1704

Working with a volunteer organization, it is important that the President and leadership gather support and consensus in developing and achieving the chapter's goals. One of the most effective ways to achieve consensus is by involving your active volunteers in the planning process. As part of the new recertification criteria, all chapters are developing Annual Business Plans and budgets. These are effective tools for creating a sense of focus and purpose during a calendar or business year. The next step is for chapters to participate in a Strategic Planning process — an attempt to plan and build consensus over a longer period of time. Your first attempts at Strategic Planning may focus on eighteen months to two years. Although your long-term plan may need significant modifications in the second year — it will begin to provide continuity and a stronger sense of purpose or direction to your activities.

Annual Business Plan

Ideally, you will conduct an annual planning session several months prior to the beginning of your term to develop your chapter's Annual Business Plan. Who should participate in this session? Your officers, Board of Trustees, committee chairs, very active members not already included, and your staff, if any.

The purpose of the Annual Business Plan is to provide focus and energy in developing and achieving your chapter's current goals. It will serve as a valuable management tool in making your term a success and generating considerable progress for your chapter. It is also required as part of the CAI chapter recertification process. There are a number of benefits to engaging in this type of planning process:

- ▲ A plan ensures continuity. Your chapter will continue to move forward through each change in leadership.
- ▲ A written plan serves as a measurement tool that you can refer to periodically to determine how far you've progressed.
- ▲ The plan provides common direction to your leadership team and ensures their commitment by involving them in the planning process.
- ▲ Planning is a learning process which requires you to examine economic/market trends, the legislative and regulatory environment, and other issues facing your chapter.
- ▲ Planning equips your chapter to deal with contingencies. It helps you to both assess the future and determine a course of action. The seven basic components of a business plan are:

1. **Description of Chapter.** A statement describing the nature of your chapter's business, including its history (with an accompanying mission statement, if you have one), governance structure, products/services marketed by the chapter, geographical area, major customers, facilities/equipment, formal organizational structure, financial history, including challenges facing the chapter and chapter's advantages/disadvantages.
2. **Current Position.** The current status of your chapter, including information on employees, problems/opportunities and future outlook. Identifying potential weaknesses and threats from outside your chapter allows you to minimize their efforts and prepare alternate strategies should these risks become a reality.

3. **Goals.** Generating ample discussion to develop a consensus on three to five primary annual goals for your chapter will provide focus and a common sense of purpose for your volunteers.
4. **Strategies.** Identify the actions which you need to take in order to achieve the goals you have established. In order for your strategies to be accomplished, you need to designate *accountable individuals* to take the lead in working towards these goals and set a realistic *timetable/schedule* for the accomplishment of the strategies and achievement of the goals.
5. **Evaluation.** Performance should be monitored on a regular basis to assure that you are making the progress necessary to achieve the goals you have outlined. Wherever possible, the strategies and goals should be quantifiable, such as increase in membership, adherence to budgets, attendance at chapter functions, profitability of chapter activities, etc.
6. **Financial Goals and Reports.** An *annual budget* should be developed which details the sources and uses of your funds and specifies the financial goals of particular goals and projects. You should develop an *income statement*, which includes current financial data, as well as anticipated cash flow. The business plan should also include a *balance sheet* of assets and liabilities. Be certain that it includes both unpaid liabilities and un-received income.
7. **Calendar of Chapter Activities.** One of the by-products of this planning process should be the development of a calendar of events, activities and programs. For example, many chapters plan seminars and programs taught by industry professionals, which focus on such topics as association operations, IRS' community association taxation policies, association insurance needs, budget/reserves, reserves and investments, financial management and accounting, etc.

Annual Budget/Financial Management Budget.

Your chapter's budget serves as a financial projection of the activities and operations included in your Annual Business Plan. Past experience, current goals and existing financial reality should all impact the budget process. The budget should reflect your chapter's stated priorities and should reflect input from the volunteers and staff charged with meeting both your expense and revenue targets.

The budget process should involve all chapter committees that have an impact on the financial resources of your chapter. Each goal and activity should be represented in the budget. After providing input, individuals should be given authority and made accountable for meeting these targets with deadlines clearly stated.

Your chapter budget may be developed by a Budget and Finance Committee or by leaders and staff. However, final approval of the budget lies with the Board. Budgets usually require some compromise (particularly on the expense side) and negotiation. Once a budget has been approved, it is important that a working document be developed to track progress towards your budgeted financial goals. This working budget should include both last year's proposed and actual budgets as well as this year's proposed and actual budgets. This will give you a good comparison on your progress year-to-date.

Other Necessary Financial Reports

In addition to your chapter budget, two other necessary financial tools are:

Balance Sheet. This portrays the financial condition of your chapter at a given point in time. The balance sheet describes what your chapter owns, i.e., cash in banks or office equipment, and what your chapter owes. The difference in the two is your chapter's net assets or equity.

Statement of Revenues and Expenses. This report shows the activities of your chapter during a given time period. While a balance sheet is prepared at both the beginning and end of a period of time, the statement of revenues and expenses describes the changes in your chapter's net assets during that time.

Examples of each of these documents, including a budget tracking sheet, are included at the back of this section.)

Cash vs. Accrual Accounting

There are two major approaches to accounting systems — cash and accrual. Cash basis accounting is the recognition of income and expenses through cash transactions only. Accrual accounting is the recognition of income when earned and the recognition of expenses when incurred regardless of whether or not a cash transaction has taken place.

In order to have an accurate assessment of your chapter's financial picture, it is strongly recommended that your chapter use some method of accrual accounting. By showing anticipated revenues and expenses for projects that may be in mid-stream at the end of an accounting period, you will have:

- ▲ More detailed and in-depth accounting information
- ▲ A more detailed and valuable balance sheet
- ▲ The ability to highlight a weak or strong financial position.

Strategic or Long-Term Planning

Once you've established a one-year planning process in your chapter, the next step to consider is the implementation of long-term or strategic planning. Long-term planning can assist your chapter in accomplishing organized, continuous, and directed growth. Because you are looking to build consensus and direction over a longer period of time, you may wish to invite potential future leaders in addition to those mentioned earlier as part of your Annual Business Plan development team.

Before beginning the planning process, you will need a clear sense of your chapter's mission/direction. This can be done prior to or as part of your planning session. A good mission statement summarizes your chapter's goals, yet is definitive enough to determine whether a potential program or activity will support it. Creating a mission statement allows you to delineate goals and formulate a specific action plan.

Developing a strategic plan is a three-step process. First your strategic plan must be designed, and a written document produced. The second step is to implement the plan, and the third step is to evaluate the results to stay on target and to support future planning.

Specifically the Strategic or Long-Term Planning Process requires that you:

1. **Assess current environment/needs.** What challenges or issues does your chapter and its members face? (An evaluation can be made through a member survey or needs assessment.) Example - "CAI needs to have greater name recognition."
2. **Set goals.** Gain a consensus as to your chapter's goals for the next eighteen months to two years.
Example - "To increase public awareness of CAI."
3. **Identify impediments or opportunities.** Identify what stands between your chapter and achievement of its goals. Example - "Funding for a traditional public relations campaign is not available."
4. **Establish objectives.** Further define the goals and provide suggestions for achieving them.
Example - "To develop a comprehensive CAI public awareness program directed at homeowner's associations, industry professionals and the general public."
5. **Formulate strategies.** Develop methods for accomplishing your objectives.
Example - "Work with the editor of the weekly real estate section to start a column on condominium and community associations."
6. **Break down strategies into measurable tasks.** Specify the actions necessary to accomplish your strategies.
Example - "One person will develop the format for column, another make an appointment with the editor to discuss the idea, etc."
7. **Assign tasks with specific deadlines.** Assign specific tasks to specific individuals.
Example - "Susan, thank you for agreeing to develop the format for the column. Can you have it done by the middle of next month?"
8. **Evaluate success.** Monitor your plan, recognize successes and re-tool in areas where progress is not being made in a timely manner.
Example - "Thanks, Susan, for your hard work in developing our column format."

Annual Business Plan Worksheet

1. **Description of Chapter.** (Background information on your chapter, including history, mission statement, governance structure, geographical area, major products/services, key audiences, etc.)

2. **Current position.** (Current employees, problems/opportunities, future outlook, potential threats outside your chapter)

3. **Goals.** (Three to five primary annual goals for chapter)

▲

▲

▲

▲

▲

Strategies. (Actions that need to be taken to achieve each of your goals, who is responsible and by what date)

5. **Strategies.** *(Continued)*

5. **Evaluation.** (Plans to monitor performance on a regular basis and evaluate efforts)

6. **Financial Goals and Reports.** (Include budget, income statement and balance sheet)

7. **Calendar of Chapter Activities.** (Includes chapter events, activities and programs.)

BUDGET TRACKING REPORT

long-term plan should be flexible. It should periodically be reviewed in terms of accomplishments, resources, and changing needs. Assistance in developing and implementing long-range planning sessions is available through the national office.

WHAT TO LOOK FOR:

★ Should Contain Prior Year's Proposed and Actual Budget

★ Should Contain Current Year's Proposed and Actual Budget

★ Summary Sheets Should Be Accompanied By Revenue and Expense Details

**REVENUE & EXPENSE DETAIL FOR BUDGET
SAMPLE REVENUES**

	1991 BUDGET	1992 BUDGET	1992 PROJECTED	1 BU
MEMBERSHIP DUES				
New Members				
S&S				
Associates	9,386	10,296	5,276	
Renewals	10,588	10,568	8,000	
S&S				
Associates	35,000	35,000	34,497	
Bonus	10,000	10,000	12,708	
Recruit	0	0	0	
Retention	1,000	0	0	
TOTAL MEMBERSHIP DUES	65,974	65,864	60,480	
EDUCATIONAL PROGRAMS				
Local Programs				
Registration	25,390	27,265	18,932	
Sponsors	14,730	8,200	13,441	
LTP/FOCAM				
Registration	20,260	23,320	12,359	
Sponsors	169	0	0	
National Co-Sponsored				
Commissions	15,600	3,420	8,116	
TOTAL ED. PROGRAMS	76,149	62,205	52,847	6
OTHER PROGRAMS				
Spring Conference				
Registration	23,800	14,000	12,750	1
Sponsorship	5,000	2,000	2,000	
Advertising	1,700	1,000	2,530	
Exhibit Booth Sales	25,200	21,000	27,261	3
Other	0	0	100	
Annual Meeting				
Registration	18,000	18,900	16,559	19
Sponsorship	8,700	8,000	5,401	6
Other	0	2,000	0	
Golf Tournament				
Registration	N/A	14,400	16,366	18
Sponsorship	N/A	1,800	4,150	6
Other	N/A	0	3,265	
Misc.				
Registration	10,000	9,000	10,584	
Sponsorship	N/A	0	364	
Other	N/A	0	30	
TOTAL OTHER PROGRAMS	92,400	92,100	101,360	106

Balance Sheet

ASSETS

CURRENT ASSETS

Cash - Operating	24,232.82
Cash - Money Market 1st	16,027.57
Cash - Money Market CC	41,187.82
Petty Cash	0.00
Accounts Receivable	4,113.25
Due from Employees	0.00
Inventory	0.00
Clearing	0.00

Total Current Assets 85,561.46

FIXED ASSETS

Machinery & Equipment	36,279.23
Accumulated Depreciation	10,286.57-

OTHER ASSETS

Prepaid Expenses	2,159.48
Deposits	0.00

Total Other Assets 28,152.14

Total Assets 113,713.60
=====

LIABILITIES & FUND BAL.

CURRENT LIABILITIES

Accounts Payable	0.00
Accrued Payroll	0.00
Capital Lease Liability	0.00
Payroll Taxes Payable	4,603.83
Fed. Income Tax Payable	0.00
State Income Tax Payable	0.00
Sales Tax Payable	20.94

Total Current Liabilities 4,624.77

LONG TERM LIABILITIES

Capital Lease Liability	0.00
-------------------------	------

Total Long Term Liab. 0.00

Total Liabilities 4,624.77

FUND BALANCE

Operating Reserve	6,690.00
Equipment Repl. Reserve	0.00
Special Projects Fund	0.00
Property Fund	25,992.56
General Fund Balance	51,063.71
Current Yr. General Fund	25,342.56

Total Fund Balance 109,088.83

Total Liab & Fund Balance 113,713.60

**STATEMENT OF
REVENUES AND EXPENSES**

INCOME - EXPENSES = PROFIT (LOSS)

WHAT TO LOOK FOR:

If Income From An Event Is Indicated, Then
Expenses From That Event Should Be Listed
Comparison of Actual To Budget Figures

BUDGET SUMMARY

REVENUE	1991 BUDGET	1992 BUDGET	1992 PROJECTED	1993 BUDGET
Membership Dues	65,974	65,864	60,480	67,804
Continental Programs	76,149	62,205	52,847	66,235
Continental Programs	92,400	92,100	101,360	106,375
Continental/Publication	95,477	142,166	114,360	148,590
Continental	N/A	N/A	N/A	500
Continental Income	3,233	3,248	3,253	3,250
Continental	N/A	6,000	9,800	15,000
Continental Misc. Inc.	12,500	3,600	873	6,000
Continental Symposium	7,119	N/A	N/A	N/A
Total Revenue	352,852	375,183	342,973	413,754
EXPENDITURES				
Advertising Fees	2,000	2,000	1,500	3,000
Advertising	1,800	2,500	390	2,500
Communications	4,800	4,381	3,582	4,200
Computers/Data Proc.	1,500	0	0	0
Education/Training	1,250	3,465	3,783	4,353
Food & Beverage	42,505	43,510	48,902	54,125
Insurance	3,878	2,500	2,461	2,750
Travel Fees	1,000	1,000	28	500
Meeting Place Rental/Prep.	7,050	15,225	9,277	18,775
Occupancy	10,888	12,001	12,001	13,092
Office Equipment	5,266	8,279	4,181	10,110
Office Supplies	9,450	5,000	4,317	4,500
Printer	27,630	13,200	10,964	18,405
Printer Publications	300	N/A	N/A	N/A
Printer Prof./Consultants	3,000	0	1,575	0
Postage/Freight	26,261	24,102	23,453	29,404
Printing/Photocopying	47,500	54,641	51,326	61,675
Publications	0	0	349	300
Salaries	122,031	125,805	124,012	135,500
Supplies, Fringe	30,064	30,994	20,701	33,015
Traveler Fees	500	600	300	2,000
Travel & Entertainment	9,300	9,980	7,719	13,050
Total Expenditures	357,973	359,183	330,821	411,254
Net Operating Revenue	(5,121)	16,000	12,152	2,500
EXPENDITURES				
Revenue Allocation	N/A	16,000	16,000	12,000
Total Other Expenditures	0	16,000	16,000	12,000
Before Taxes	(5,121)	(0)	(3,848)	(9,500)
Taxes	0	0	1,063	0
Excess of Revenue/Expend.	(5,121)	(0)	(4,911)	(9,500)

BALANCE SHEET

$$\text{ASSETS} - \text{LIABILITIES} = \text{EQUITY}$$

ASSETS: What You Have That Is Of Value

LIABILITIES: What You Owe

EQUITY: What Is Available

WATCH FOR: Assets Include Accounts Receivable
 Liabilities Include Accounts Payable

Consolidated Statement of Revenue and Expenditures

BEST AVAILABLE COPY

INCOME	THIS YEAR				BUDGET		
	THIS MONTH	RATIO	5 MONTHS	RATIO	THIS MONTH	5 MONTHS	YTD VAR.
	** THIS MONTH THIS YEAR **				** THIS MONTH'S BUDGET **		
REVENUE							
New Members S&S	722.00	6.8	2,294.50	1.4			
New Members Associates	825.00	7.8	4,812.50	2.9	858.00	4,290.00	1,995.50-
Renewals S&S	1,995.00	18.9	14,869.25	9.0	880.00	4,404.00	408.50
Renewals Associates	412.50	3.9	4,262.50	2.6	2,916.00	14,584.00	285.25
Bonus Recruit	0.00	0.0	0.00	0.0	833.00	4,167.00	95.50
Bonus Retention	0.00	0.0	0.00	0.0	0.00	0.00	0.00
Total Membership Dues	3,954.50	37.4	26,238.75	15.9	5,487.00	27,445.00	1,206.25-
Local Prog. Registration	815.00	7.7	3,742.00	2.3	7,300.00	10,050.00	6,308.00-
Local Prog. Sponsorship	1,350.00	12.8	2,550.00	1.5	1,500.00	2,800.00	250.00-
LTP/FOCAM Registration	0.00	0.0	6,632.00	4.0	0.00	11,660.00	5,028.00-
LTP/FOCAM Sponsorship	0.00	0.0	0.00	0.0	0.00	0.00	0.00
National Commissions	0.00	0.0	3,715.25	2.3	0.00	490.00	3,225.25
Total Ed. Programs	2,165.00	20.5	16,639.25	10.1	8,800.00	25,000.00	8,360.75-
Spring Conf. Registration	0.00	0.0	12,365.00	7.5	0.00	14,000.00	1,635.00-
Spring Conf. Sponsorship	0.00	0.0	2,000.00	1.2	0.00	2,000.00	0.00
Spring Conf. Advertising	0.00	0.0	2,530.00	1.5	0.00	1,000.00	1,530.00
Spring Conf. Booth Sales	0.00	0.0	27,261.00	16.6	0.00	21,000.00	6,261.00
Spring Conf. Other	0.00	0.0	100.00	0.1	0.00	0.00	100.00
Annual Mtg. Registration	0.00	0.0	0.00	0.0	0.00	0.00	0.00
Annual Mtg. Sponsorship	0.00	0.0	0.00	0.0	0.00	0.00	0.00
Annual Mtg. Other	0.00	0.0	0.00	0.0	0.00	0.00	0.00
Golf Registration	0.00	0.0	0.00	0.0	0.00	0.00	0.00
Golf Sponsorship	0.00	0.0	0.00	0.0	0.00	0.00	0.00
Golf Other	0.00	0.0	0.00	0.0	0.00	0.00	0.00
isc. Registration	158.00	1.5	6,724.00	4.1	0.00	0.00	0.00
isc. Sponsorship	140.00	1.3	364.00	0.2	0.00	6,000.00	724.00
isc. Other	0.00	0.0	0.00	0.0	0.00	0.00	364.00
Total Other Programs	298.00	2.8	51,344.00	31.2	0.00	44,000.00	7,344.00
ewsletter Classifieds	1,755.00	16.6	15,997.00	9.7	3,850.00	19,250.00	3,253.00-
ewsletter Display Ads	1,036.00	9.8	15,259.00	9.3	4,918.00	24,590.00	9,331.00-
embership Dir. Adver.	0.00	0.0	35,072.00	21.3	0.00	35,000.00	72.00
embership Dir. Sales	12.00	0.1	198.00	0.1	120.00	360.00	162.00-
ational Pub. Sale	61.75	0.6	499.90	0.3	62.50	312.50	187.40
ther Publications	5.00	0.0	5.00	0.0	0.00	0.00	5.00
Total Periodical/Public.	2,869.75	27.2	67,030.90	40.7	8,950.50	79,512.50	12,481.60-
nterest Revenue	281.87	2.7	1,620.70	1.0	270.00	1,354.00	266.70
onations	0.00	0.0	750.00	0.5	0.00	0.00	750.00
her Misc. Revenue	1,000.00	9.5	1,028.00	0.6	178.00	2,356.00	1,328.00-
TOTAL REVENUE	10,569.12	100.0	164,651.60	100.0	23,685.50	179,667.50	15,015.90-
EXPENDITURES							
alaries	14,517.66	137.4	52,115.90	31.7	14,527.00	53,227.00	1,111.10-
roll Taxes	1,110.97	10.5	4,153.38	2.5	1,541.00	5,669.00	1,515.62-
inge	1,059.10	10.0	5,063.42	3.1	2,021.00	7,417.00	2,353.58-
avel & Entertainment	606.43	5.7	3,093.83	1.9	3,816.00	5,053.00	1,959.17-
ccupancy	1,000.08	9.5	5,000.40	3.0	1,000.00	5,000.00	0.40
mmunications	0.00	0.0	1,448.01	0.9	365.00	1,826.00	377.99-
stage/Freight	2,154.77	20.4	9,959.97	6.0	1,419.00	11,342.00	1,382.03-
rinting/Photocopying	3,349.63	31.7	23,494.97	14.3	3,743.00	25,622.00	2,127.03-
omputers/Data Proc.	0.00	0.0	0.00	0.0	0.00	0.00	0.00
ffice Equipment	425.54	4.0	2,315.65	1.4	598.00	4,092.00	1,776.35-
ffice Supplies	331.81	3.1	1,741.71	1.1	416.00	2,084.00	342.29-
ccounting Fees	0.00	0.0	0.00	0.0	0.00	2,000.00	2,000.00-
al Fees	0.00	0.0	0.00	0.0	0.00	1,000.00	947.00-
er Prof./Consultants	0.00	0.0	53.00	0.0	0.00	0.00	0.00
urance	0.00	0.0	0.00	0.0	0.00	0.00	0.00
vertising	59.79	0.6	350.00	0.2	0.00	0.00	350.00
ucation Training	429.00	4.1	1,342.82	0.8	0.00	1,250.00	897.61-
lications	0.00	0.0	15.01	0.0	0.00	1,733.00	390.18-
d & Beverage	0.00	0.0	13,648.11	8.3	0.00	0.00	15.01
ting Place Rental/Prep	0.00	0.0	4,887.60	3.0	2,030.00	14,200.00	551.89-
aker Fees/Honoraria	0.00	0.0	300.00	0.2	325.00	7,250.00	2,362.40-
ber	13.15	0.1	3,282.87	2.0	116.00	4,899.00	1,616.13-
TOTAL EXPENDITURES	25,057.93	237.1	132,619.04	80.5	31,917.00	154,064.00	21,444.96-
Operating Revenue	14,488.81-	137.1-	32,032.56	19.5	8,231.50-	25,603.50	6,429.06
EXPENDITURES							
eciation	0.00	0.0	0.00	0.0	0.00	0.00	0.00
erve Allocation	1,330.00	12.6	6,690.00	4.1	1,330.00	6,690.00	0.00
TOTAL OTHER EXPENDITURES	1,330.00	12.6	6,690.00	4.1	1,330.00	6,690.00	0.00
me Before Taxes	15,818.81-	149.7-	25,342.56	15.4	9,561.50-	18,913.50	6,429.06
ome Taxes	0.00	0.0	0.00	0.0	0.00	0.00	0.00
*** of Revenue/Expend.	15,818.81-	149.7-	25,342.56	15.4	9,561.50-	18,913.50	6,429.06

General Characteristics of Dues Structures

When an association is being established or when there is a clear need to change the dues structure of an existing association, it behooves that association to take a look at all types of dues bases in an attempt to determine the one which best suits the needs of both the members and the association. No dues base should be rejected outright before it is given consideration and found to be lacking certain characteristics needed by the association and its members. Sometimes several types of dues structures have possibilities for an association, and the solution might be to combine two or more types of dues bases in the final structure.

There are a few general characteristics which almost all associations look for in a dues structure, but the relative importance of these characteristics will vary from one association to another. The association executive must know the profession or industry represented by the association very well in order to guide members to the best possible dues structure. Being well acquainted with what the members do, how they work, the types of records they keep, the types of information they are willing to share with the association, and how enthusiastic they are to back the association's work is important information for the association executive.

The role of the association executive in setting or changing a dues structure cannot be overstated. It is the executive's ability to convince the members of his/her knowledge of the members' and association's needs and well-being that will determine the level of acceptance of a new dues structure. When the selling job by the association executive is weak, satisfaction is lowered and membership loss often occurs. If the members are convinced by the association executive of the superiority of one dues structure over another, however, they will be willing to pay according to that structure.

The personality and selling ability of an association executive in determining the type of dues structure in an association may be especially important in middle and small size associations. In these associations the chief staff executive is usually involved in the entire process of determining the dues structure. The degree of sophistication and cooperation of the membership will, of course, be a mitigating factor in the interchange of ideas which takes place in developing a dues structure. It is undoubtedly more difficult to work with a thousand small businessmen who jealously guard almost every bit of information about their business than to deal with forty large corporation heads who know about many ways of financing business activities and who individually have large sums of money to deal with every day.

If the association executive is a good salesman, has the confidence of the membership, and presents an appropriate dues system, he/she will have a good chance of getting that dues system set up. Often only a few members and the top staff of the association work out a new dues structure and then sell it to the rest of the membership. In those cases where much publicity is given to the new system over a fairly long period of time, the associations are successful in setting up a system which the association executive has determined is best for the organization.

EQUITY

Whether specifically stated or only implied, equity is the characteristic most often sought in a dues structure. Equity can be viewed from two angles---paying according to one's

ability to pay, or paying according to the benefits received. Most dues structures combine both concepts of equity, weighing the elements according to the characteristics of the membership and the types of services offered by the association.

The idea of equity unquestionably stems from the desire of most associations that every member should carry his/her fair share of the load according to some formula. Within this philosophy there is room for those associations that think the larger members should, in effect, subsidize the smaller members in order to achieve larger membership, greater total representation of the industry, profession or interest group, and/or to help the smaller members grow.

A dues structure with a graduated payment scale could be used to achieve equity, whether ability to pay or benefits are the important factor. An illustration might help in defining the difference between these two ideas. Some associations provide all members with exactly the same services and the services are not considered more beneficial to one member than to another. Yet these members might pay dues in proportion to their ability, measured by sales, number of employees, payroll, income, etc. On the other hand, some associations say that their members benefit from association services in proportion to their size, since the larger members could gain proportionately more sales, for example, from the association's services than a smaller member could, or could send more staff members to technical meetings, etc. In these cases a graduated dues schedule is devised so that members pay dues according to the benefits derived from the association.

Equity can also be achieved by charging a flat rate. If all members receive the same services and benefits equally, members may want their dues to reflect the benefits received and would thereby pay a flat rate.

Not all associations attempt to achieve equity in their dues structures simply because they find it too difficult to determine an equitable system. Sometimes an equitable system can be found, but the members are unwilling to go along with it because they do not want to reveal certain information. Ultimately, the satisfaction of the members supersedes thoughts of paying according to ability or benefits received.

COMMON DENOMINATOR: HOW THE MEMBERS VIEW THEMSELVES

In their attempt to achieve equity, most associations find a common denominator by which all their members can be more or less equally measured. Although sales is the most popular common denominator, there are many more. Number of employees, units of production, assets, income, and other measures are also used to put all members on approximately equal footing. In some cases there is more than one way to measure the members, and then the choice centers on the dues base which the members will accept most readily. Knowing what is possible to do with an association dues structure is very important, particularly when it does not exactly agree with the most commonly accepted ideas of equity. If, for example, profit is considered the very best measure of a member's ability to pay, but no member will divulge profit information, then some other dues base must be selected. Finding a common denominator is usually not difficult if the membership is engaged in approximately the same activity. For instance, an association representing the producers of a single type of product might choose profits, sales, units of production, units of equipment or a number of other dues bases, depending on whether the product is homogeneous, non-homogeneous, all produced on the same type of machine, etc. The selection in this case is

fairly extensive when one knows just a little more about the product and those who manufacture it. However, if the association represents all those people from many parts of the economy who are in any way interested in that type of product, treating them all as equal members, then the selection of a common denominator dues base would probably be a much bigger problem.

The purpose for which an association is formed will often determine the common denominator upon which a dues structure can be based. If enhancement of sales of either product or service is not involved in the association's activities, then sales is an unlikely dues base. If recreation or enjoyment or learning is the goal of an association's membership, then it might be said that members benefit equally and that membership itself is the common denominator. This would probably lead to a flat dues rate with individual non-dues payments for special social or educational programs.

If there is disagreement on the best common denominator for a dues base, the association executive usually becomes the mediator. In these cases a thorough knowledge of the members and their industry or profession is a *sine que non* for the association executive. Members must be able to identify with the dues base and must feel that it is appropriate to the function of the association. Otherwise, they will not feel that it is appropriate to equitably when it comes time to pay dues.

Satisfaction with a dues structure derives from several sources. Members must feel that a particular dues structure is acceptable; that is, it does not necessarily have to be equitable, but it should make the member feel that he/she is getting his or her money's worth from the association. It is tolerable that a member knows the shortcomings of a dues system; he/she may even have caused them by refusing to accept other types of dues. It is important, though, that a member think the dues are acceptable for the given situation.

Satisfaction with dues is necessary also on the staff side of the association. If a dues system is unworkable because members report incorrectly or because dues do not provide sufficient revenue, then the staff is not satisfied. Ease of administration of a dues structure is another area which helps ensure staff satisfaction.

FLEXIBILITY

One of the most desirable characteristics of a dues system is that it be flexible. Flexibility means that the dues structure or rate can be fairly easily changed to adapt to the changing conditions within the association or the economy. If members demand more services or inflation causes the cost of present services to rise, a dues system can be devised to handle these increases without necessitating a frequent revision of the structure. There are limits, of course, to the amount of flexibility which is possible to build into a dues structure or rate system. However, where possible, it is advisable to attain as much flexibility as conditions permit, since in most associations there is reluctance to change a dues structure, and sometimes a rate, once established.

Certain types of dues bases have much more potential growth than others. Dues based on sales, for example, will generally give an association a growing dues revenue during good economic times. This will be true as long as the industry or group of industries is growing, and the dues rate and the number of members does not decline. An illustration of a non-flexible, non-growing dues base is the flat rate. If the rate and the number of members

remain the same, the dues revenue would never change. A dues base expressed in dollar terms rather than units of people or products is generally more flexible during inflation. It is not necessary that both the dues base and the rate be flexible, although that is what many association executives hope to achieve in a dues system. If the rate is flexible— that is, it can be changed easily and probably every year—then the association can select a dues base which may not experience much growth but is particularly well suited to the membership. For example, an association might base its dues on the units of equipment each year. In this case, the association is assured of obtaining the amount from dues which it needs every year without having a flexible dues base. As long as the members expect this approach to the dues rate, they are prepared for a possible change in their dues each year.

If the dues structure and rate are contained in the bylaws of an association, it makes the dues system quite inflexible. Changing bylaws is often a difficult and drawn-out procedure which is not done frequently. There is a psychological obstacle to overcome in changing bylaws, and this burden falls on the association executive who would have to ask for a rate change.

Increasingly, the bylaws are giving authority to association executives and boards of directors to set the dues structure and rate rather than spelling it out in the bylaws. In the 1978 ASAE Policy and Procedures survey, it was reported that in 62% of almost 1,500 respondent associations the Board of Directors had this authority. This approach gives far more flexibility to the dues structure and makes the association more responsive to its financial needs. It should be noted that this trend was not repeated in the 1982 or 1987 Policies and Procedures study.

PROVIDING SUFFICIENT FUNDS

A dues structure must be fashioned in such a way as to provide the amount of funds an association needs to get from dues payments. When making up its budget, an association determines its various means of obtaining funds and knows how much it can or must get from each source. The amount to be paid by members in the form of dues should be realized from the dues structure and rate established by the association. Collectibility of dues must be considered when settling on a dues base and rate. If the dues structure creates a high membership turnover rate, it is difficult to budget for the coming year.

If an association representing an industry with rapidly growing productivity decides on the number of employees as a dues base, it must know that the amount of money collected in dues will go down if the rate stays the same year after year. It could not project a growing dues collection unless membership is growing faster than productivity in the industry.

If the dues system is based on a rigid factor, and there are many depending on the industry or profession, then the members must be prepared to have the dues rate change frequently in order to provide the amount of money needed from dues each year. For example, if the dues base is number of employees, and the number is relatively unchanging each year, the rate might possibly go from \$1.00 per employee in the first year to \$1.15 per employee the next year and \$1.35 the next year. The amount per employee could also decrease, if other non-dues sources of financing were found by the association or if its needs declined in any one year. If the members are happy with this kind of change and are

interested in providing the association with the amount of money it needs regardless of the changing rate, there is no reason this type of dues structure cannot work.

NON-DUES REVENUE ACTIVITIES AND SERVICES BY FUNCTIONAL AREA

A. Administration

1. Managing chapters or other associations
2. Providing administrative services such as printing, etc. to others
3. Providing an employment service to both employers and employees
4. Providing arbitration services for the industry
5. Providing office space to other groups
6. Providing consulting services from association staff to other groups
7. Providing Telecheck services
8. Providing credit card rebates to associations
9. Providing rental car and airline discounts
10. Starting an association travel service
11. Implementing a supply, insurance, telephone or other cooperative
12. Providing group insurance and employee benefit programs: Life, Health, Accident, Major Medical, Hospitalization, Income continuation, Dental, Workman's Compensation, Professional Liability, Casualty, Product Liability, Legal, Psychological services, 401(k) profit sharing plan, 457 Plan.
13. Providing financial services
14. Establishing a credit union
15. Providing special assessments on projects
16. Supplying logos and business forms to the industry
17. Providing an association "shell" for materials
18. Selling novelty items
19. Providing transportation and freight for exhibitors

20. Real estate development
 21. Establish a foundation
 22. Establish a profit making subsidiary
 23. Investment trusts
 24. Job counseling services
 25. Add 10% for handling & postage
 26. Speaker donation fund
 27. "Lease temporaries"
 28. Rent A/V centers & studios
 29. Shipping cooperative
 30. Answering service
 31. Sell counseling in all functional areas
 32. Silent auctions
 33. Interest
 34. Bequests
 35. Travel Agencies
 36. Sporting events
 37. Video/Audio service
 38. Lock Box
 39. Invoice Schedules
 40. Collection Agency
 41. Credit Cards
 42. Member Sponsored Internships
 43. Referral Services
 44. Entry Fees
- B. Computer and Data Processing Operations
1. Establishing electronic mailbox for members
 2. Establishing an association network and selling employment services and advertisements to members

3. Selling software/hardware packages
 4. Selling computer industry software/hardware packages
 5. Selling time
 6. Share lead file on-line services to Bureau members for an access fee
- C. Education/Research
1. Setting up a certification program
 2. Selling education programs to non-members
 3. Providing custom research for members
 4. Providing association surveys, operating ratio studies, and other research related reports to the members
 5. Selling "talking books"
 6. Selling tapes and videos of association educational programs
 7. Sponsorships for educational activities
 8. Sell evaluations
- D. Publications
1. Surveys
 2. Sample industry how-to documents
 3. Directories
 4. Buyers' guide
 5. Monthly magazines with advertising
 6. Job banks
 7. Selling subscriptions to non-members
 8. Selling subscriptions to other employees of member firms
 9. Publishing workbooks and manuals
 10. Reprinting government publications
 11. Providing binders for association journals
 12. Providing a graphic arts service
 13. Providing layout services

14. Increasing the association awards program
 15. Advertising in all associations "scholarly" publications
 16. Repackaging
 17. Sell enclosures
- E. Government/Public Relations
1. Establish a press release for member firms
 2. Sponsorships for Legislative Alerts
 3. Sell slide/tape shows to the membership
 4. Sell "lobbying time"
 5. Provide consulting services to member firms
 6. Prepare and present testimony for member firms
- F. Meetings & Conventions
1. Increase registration fees to members and non-members
 2. Create additional registration categories (students)
 3. Increase prices on exhibits
 4. Sell coffee breaks
 5. Sell hospitality suites
 6. Provide supplier's sponsorship for all activities at the convention
 7. Souvenirs
 8. Provide great spouse programs and children's programs
 9. Provide programs for suppliers
 10. Provide registration fees for exhibitors
 11. Advertise in your convention program or other special convention publications
 12. Have a sponsor for recognition dinners
 13. Do pre and post convention tours
 14. Sell drink tokens
 15. Have a convention "news" video program each night of the convention (ads)

16. Sell a compilation of outlines of all major sessions, either in written or audio/visual format
 17. Sell shipping of exhibitors materials to the next convention
- G. Membership Marketing
1. Increase your dues
 2. Create new categories for dues
 3. Offer 2 for 1 programs
 4. Offer "1/2 price for 1/2 year" memberships
 5. Offer membership to other employees in the member firms
 6. Start chapters or regional groups
 7. Provide for special assessments
 8. Add an initiation fee
 9. Solicit sponsors for your standard membership publications
 10. Charge a percent on return for leads

SPECIFIC SOURCES OF NON-DUES INCOME FOR CONVENTION & VISITORS BUREAUS

A. Administrative

1. Sponsorships
2. Trinkets
3. Lock box services
4. Insurance programs for members
5. Lobby and facility ads
6. Interest management/member fund management
7. Housing service (\$1 to \$5)
8. Fees on services rendered

B. Publications

1. Co-op advertising sales
2. Establish a magazine

3. Sell destination brochures
 4. Visitors guides
 5. Pay to hear services
 6. Directories and buyers guides
 7. "Personalized" guides
 8. Press release service for members
 9. Dining guide
- C. Data Processing
1. Labels
 2. Query selects
 3. Real estate listings
 4. Visitor inquiries
- D. Fees and Surcharges
1. Sales Blitz Fees
 2. FAM Tour Fees
 3. Sales Leads Fees
 4. Lead Service Fees
 5. Logo usage Fees
- E. Taxes and Grants
1. Bed/Occupancy tax (50—100%)
 2. Property Tax (1/10 of 1%)
 3. Other Taxes
 4. Sale Tax
 5. Delegate Expenditure Tax
 6. State and City Grants
 7. Convention Center

F. Other Sources

1. Bureau special events

Dinners

Tournaments

Fund raisers

Annual meeting

Hostesses

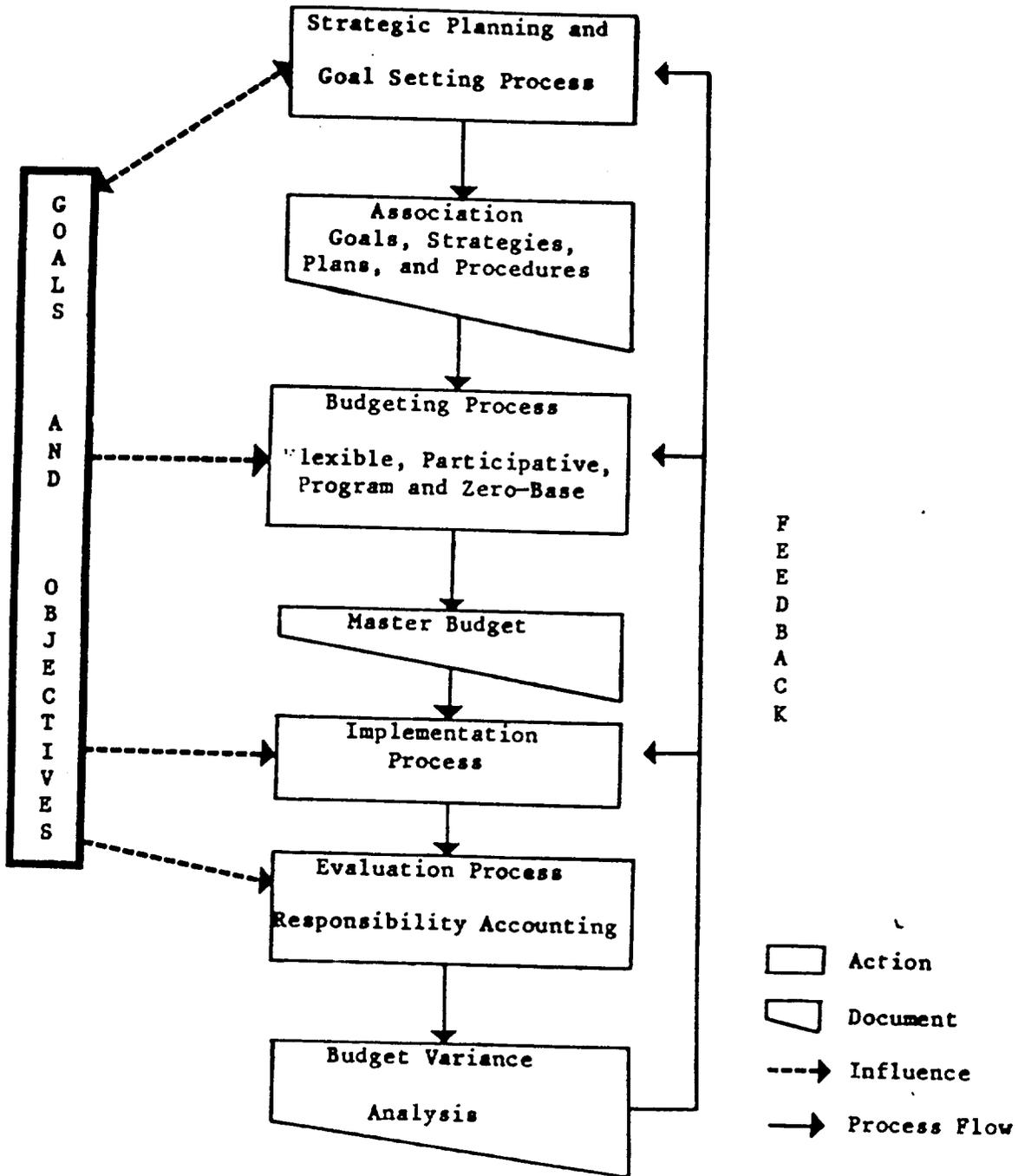
2. Festivals

3. Manager of other organizations

4. A-V rental

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An Integrated Budgeting System



Adapted from W. Thomas Lin, "Corporate Planning and Budgeting: An Integrated Approach," Managerial Planning, Vol. 27, No. 6 (May/June 1979), p. 32.

STANDARD CHART OF ACCOUNTS

*To Meet It's Fiscal Responsibility
the Association Must:*

- *Manage Finances Effectively*
- *Organize Financial Records Systematically*
- *Use an Appropriate Chart of Accounts*

Features of Typical Chart of Accounts

- *Numerical Arrangement of Accounts*
- *A Specific Name and Number is Given to Each Account*
- *Structure & Amount of Detail Depends on Type & Size of Association*
- *Computer Software for Accounting Makes it Easy to Structure and Manage Accounts*
- *Computer Software Can Make Useful Summaries and Financial Reports*
- *Important to Track Revenues & Expenses by Account & Program Area*
- *The Optimal Chart of Accounts is One Which Has Been Tailored to Fit the Association*

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Designing Your Chart of Accounts

- *Start by Deciding What Financial Statements You Will Require*
 - *for reporting to members*
 - *for legal/tax reporting requirements*
 - *for responsible fiscal management*
- *At Least 1 Account for Every Line in the Financial Report(s)*
- *Regularly Review your Chart to Determine Whether it Continues to Serve the Financial Information Needs of the Association*

Typical Financial Statements

- *Balance Sheet*
- *Statement of Unrestricted Revenue & Expense*
- *Statement of Changes in Net Assets*



STANDARD CHART OF ACCOUNTS FOR ASSOCIATIONS

(Developed by the ASAE Finance and Administration Section Council)

INTRODUCTION

For an association to carry out its purpose and meet its fiscal responsibility, it must have effective financial management. A necessary ingredient of effective financial management is meaningful organization of the association's financial records, which in turn requires an optimal chart of accounts.

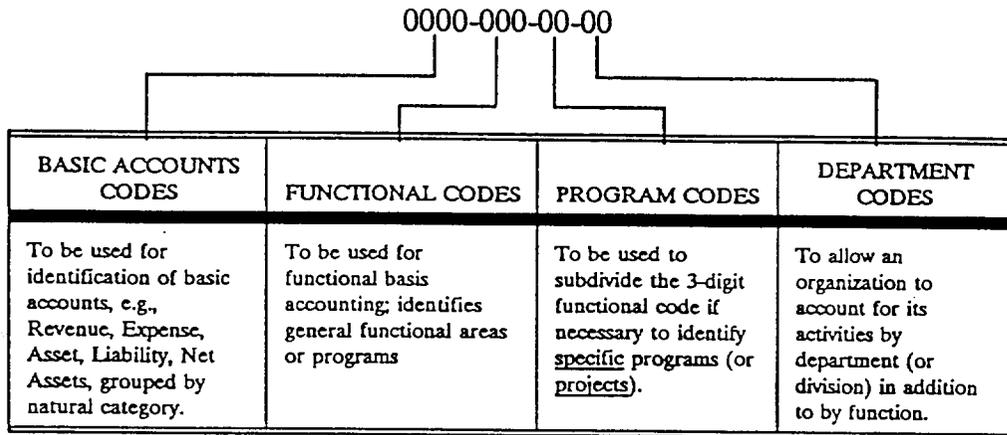
A typical chart is characterized by a numerical arrangement of accounts, with each account having a specific title and corresponding number. Similar accounts are usually listed close to one another. The arrangement and number of accounts will depend on the nature and size of the association.

Today's accounting software is fully capable of handling the demands of a lengthy, multi-level numbering system. Most importantly, if the chart of accounts is well designed, today's software packages can group the individual totals of similar accounts into useful figures for the association's financial statements. They can also produce reports which present both actual and budgeted figures for a single functional area, program, or department.

A critical factor for attaining an optimal chart of accounts is that it be carefully tailored to the individual association. Most associations have some similar types of revenue and expense, but no one financial report format fits all. Therefore, the first step in designing the chart of accounts is to design the financial statements to be produced. There must be at least one account in the chart of accounts for each line item in each financial statement. Several accounts may be added together for a single line in the statement, but the objective should be to avoid any substantial rearrangement of necessary information. The sample financial statements included herein show the account numbers to help illustrate the relationship between the chart of accounts and the financial statements. The chart should be reviewed regularly to ascertain whether or not it continues to serve the association's financial information needs.

OVERVIEW OF THE CODING SYSTEM

The particular software will determine the coding sequence for the chart of accounts. For example, department codes may be the first digits in some software or the last digits in other software. The particular coding system presented is illustrative and should be modified based on the particular software being used. The following table presents an overview of the coding system used to develop the ASAE Standard Chart of Accounts:



Basic Account Codes (Four digit account number)

The four digit account number is used for the identification of "basic accounts" and allows for 9,000 possible codes (1000 through 9999). Basic accounts are used to describe the detailed accounts within the balance sheet (statement of financial position) and statement of revenue and expense (statement of activity). The ASAE Standard Chart of Accounts employs the following commonly used structure:

- 1000-3999 Balance Sheet Accounts
- 4000-6999 Revenue Accounts
- 7000-9999 Expense Accounts

The basic asset, liability and net asset accounts are grouped by financial statement classifications. The accounts listed within a financial statement grouping will make up that line item total on the financial statements, i.e., cash accounts are assigned account numbers 1001 through 1099 and will make up the line item cash on the financial statements. This type of numbering allows the computer to summarize specific accounts into financial statement groupings. These groupings may not be automatic, and accordingly, may need to be coded into the particular software program as the financial statements are being developed.

Remember that accounts may be added to the list as needed, and any that aren't needed may be deleted from the list. In this sample, the numbering system allows room for a certain amount of expansion, but if more expansion is needed in particular sections, the optimal numbering structure may differ. The important thing to remember when assigning numbers and account series is to follow a consistent method. The basic accounts can appear within any function or department, but the four digit number never changes.

The basic revenue and expense accounts are also grouped under financial statement classifications. Various revenue and expense accounts can be combined for financial statement presentation as just described. Basic accounts such as salaries, employee benefits, rent, and so forth comprise the natural (i.e., object) classification of expenses.

Each association can add as much detail for each group of accounts as is needed for its particular transactions. Some suggestions of individual accounts are included in parentheses after the general account titles listed in this illustrative chart of accounts. The following pages contain a basic chart of accounts with a general format of the basic accounts. The suggested revenue and expense accounts are only a guide. Expansion capabilities which classify amounts by function, program, and department and sample reports follow the chart of accounts.

BASIC CHART OF ACCOUNTS

BALANCE SHEET

ASSETS (1000-1999)

Current Assets (1000-1599)

Possible Categories

Cash (1000-1099)

1010	Checking account	(Bank A, Bank B, etc.)
1020	Imprest accounts	(payroll, etc.)
1030	Savings accounts	(Bank A, Bank B)
1040	Cash Equivalents	(money market, etc.)
1050	Cash on hand	(petty cash, etc.)

Investments (1100-1199)

1110	Certificates of Deposit
1120	Mutual Funds
1130	Commercial Paper
1140	Corporate Bonds/Notes
1150	Government Bonds
1160	Common Stocks

Receivables (1200-1299)¹

1210	Dues	(members, chapters, related organizations, etc.)
1220	Products and services	(advertising, exhibitors, registrations, resale, materials, etc.)
1230	Contributions/ pledges	(members, foundations, corporations, etc.)
1240	Grants	(government, foundations, corporations, etc.)
1250	Accruals	(interest, etc.)
1260	Current portion of long-term receivables	(notes, etc.)

Inventories (1300-1399)

1310	Inventories	(supplies, resale materials, etc)
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Prepaid Expenses (1400-1499)

1410	Prepaid expenses	(meetings trade shows, conventions, insurance, rent, etc.)
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Other Current Assets (1500-1599)

1510	Other current assets	(deposits, advances to employees)
------	----------------------	-----------------------------------

Long Term Assets (1600-1999)

Property and Equipment (1600-1999)²

1610	Land
1620	Building
1630	Building improvements
1640	Office Equipment
1650	Leased Equipment
1660	Vehicles

¹ Each individual receivable account should have an allowance for uncollectible accounts, for example, account 1215 can be used for the allowance for uncollectible dues.

² Each individual fixed asset account should have an accumulated depreciation account, for example, account 1625 can be used for accumulated depreciation of buildings.

LIABILITIES (2000-2999) AND NET ASSETS (3000-3999)

Current Liabilities (2000-2699)

- 2010 Accounts Payable
- 2020 Payroll withholdings
- 2030 Accrued expenses
- 2110 Notes Payable - Current
- 2210 Mortgage Payable - Current
- 2310 Capital lease obligation - Current
- 2410 Deferred dues
- 2510 Deferred revenue

Possible Categories

- (federal, state, insurance, etc.)
- (rent retirement, salaries, taxes, vacation, etc.)
- (members, chapters, related organizations)
- (grants, registration, subscriptions, etc.)

Long Term Liabilities (2700-2999)

- 2710 Notes Payable
- 2720 Mortgage Payable
- 2730 Capital lease obligation
- 2810 Deferred dues
- 2820 Deferred subscriptions
- 2910 Deferred rent credit

- (amounts received for future fiscal periods)
- (amounts received for future fiscal periods)

Net Assets (3000-3999)³

Unrestricted (3000-3299)

- 3010 Undesignated/operating
- 3020 Board designated

(contingencies, future programs, building, etc.)

Temporarily restricted by donors (3300-3599)

- 3310 Purpose restricted
- 3320 Time restricted

(specify purposes)
(specify time)

Permanently restricted by donors (3600-3999)

- 3610 Endowment

(specify purposes)

³Each net asset (equity) account may have accounts for segregating types of transactions within the equity classification including reclassifications between equity accounts, receipts from donors, or restricted earnings on donor funds. All expenses affect unrestricted equity and may not directly reduce restricted equity accounts.

Functional Codes (Three digit account number extension)

Basic revenue and expense accounts can be grouped into a functional (i.e. program) statement of revenue and expense. For instance, the expense line Salaries, #7050, would most likely appear in every functional area and will always have the account number 7050. In establishing a functional classification some individual expense items may need to be allocated to more than one functional area i.e., joint costing must be performed. Statement of Financial Standards Number 117 (SFAS 117) requires that the financial statements provide information about expenses reported by their functional classification such as major classes of program services and supporting activities. Under SFAS 117, functional expenses include only the direct expenses related to the function and general and administrative expenses are a separate function and are not allocated to other functions for purposes of functional reporting. However, for internal reporting purposes, associations may choose to allocate general and administrative expenses (i.e., overhead) to the various program services. Functional coding is accomplished by adding a three digit account code as follows:

<u>Functional Area</u>	<u>Code</u>
Program services	
• Meetings	100
• Education	200
• Trade shows	300
• Publications	400
• Certification	500
• Government relations	600
Supporting activities	
• Management and general	800
• Fundraising	900

Program Codes (Two digit account number extension)

The functional classification of the basic accounts can be expanded by adding a two digit program (project) code to identify specific programs within a particular functional area. For example, within the functional area of publications, there may be a monthly magazine, newsletter, directory, and educational books. In this situation, each publication would be identified with its own two digit program code. Some examples of specific programs within a functional area are:

<u>Functional Area</u>	<u>Program</u>	<u>Code</u>
• Meetings		100-00
	• Annual meeting	100-01
	• Regional meetings	100-02
	• Board and committee meetings	100-03

<u>Functional Area</u>	<u>Program</u>	<u>Code</u>
• Education	• Spring conference	200-00
	• Fall conference	200-01
	• Regional workshops	200-02
		200-03
• Trade Shows	• Eastern	300-00
	• Western	300-01
	• European	300-02
		300-03
• Publications	• Magazine	400-00
	• Newsletter	400-01
	• Directory	400-02
	• Books	400-03
		400-04
• Certification	• Testing	500-00
	• Renewals	500-01
		500-02
• Government relations	• Legislative	600-00
	• Regulatory	600-01
	• Coalitions	600-02
	• Issue briefings	600-03
		600-04

Department Codes (Two digit account number extension)

The next level of expansion in the chart of accounts is by department, division or responsibility center codes. Departments are usually established based upon staff responsibilities. Individual staff in these departments may have responsibility for particular functional areas and programs. Examples of departments are as follows:

<u>Department</u>	<u>Code</u>
• Education	01
• Meetings	02
• Publications	03
• Member relations	04
• Administration	05
• Government Affairs	06

Fund Accounting

Some associations maintain their accounts on a fund basis. SFAS 117 states that reporting by fund groups is not a necessary part of external financial reporting. However, SFAS 117 does not preclude an association from providing individual assets and related liabilities by fund groups for external or internal financial reporting purposes. Restrictions on assets imposed by donors may be accounted for by maintaining fund basis accounting records. If fund accounting is done, an additional code, possibly at the left of all other codes, can be used to

designate funds for asset, liability, equity, and revenue accounts. All expense accounts should have the undesignated net asset (equity) fund code.

SAMPLE REPORTS

The attached examples of reports are based on a hypothetical association that will use functional and departmental codes along with the basic account numbers; an eleven digit account numbering system. The account numbers are shown for informational purposes only. Formal financial statements should not include account numbers.

For simplicity, the sample statements of unrestricted revenue and expense on pages 11, 12 and 13 correlate with the statement of changes in net assets on page 14. This illustration is intended to present an example of only one permissible format. For additional illustrations refer to Appendix C of SFAS 117.

XYZ ASSOCIATION
BALANCE SHEETS
DECEMBER 31, 19X1 and 19X0

ASSETS		<u>19X1</u>	<u>19X0</u>
	Current Assets:		
(1001-1099)	Cash	\$XX,XXX	\$XX,XXX
(1100-1199)	Investments	XX,XXX	XX,XXX
(1200-1299)	Receivables(net of allowances)	XX,XXX	XX,XXX
(1300-1399)	Inventories	XX,XXX	XX,XXX
(1400-1499)	Prepaid Expenses	XX,XXX	XX,XXX
(1500-1599)	Other Current Assets	<u>XX,XXX</u>	<u>XX,XXX</u>
	Total Current Assets	<u>XX,XXX</u>	<u>XX,XXX</u>
	Long Term assets:		
(1610)	Land	XX,XXX	XX,XXX
(1620)	Building	XX,XXX	XX,XXX
(1630)	Building Improvements	XX,XXX	XX,XXX
(1640,1650,1660,1670)	Furniture and Equipment	<u>XX,XXX</u>	<u>XX,XXX</u>
		XX,XXX	XX,XXX
	Less accumulated depreciation	<u>(XX,XXX)</u>	<u>(XX,XXX)</u>
	Total Long Term Assets	<u>XX,XXX</u>	<u>XX,XXX</u>
	Total Assets	<u>\$XX,XXX</u>	<u>\$XX,XXX</u>
 LIABILITIES AND NET ASSETS			
	Current Liabilities		
(2010)	Accounts Payable	\$XX,XXX	\$XX,XXX
(2020)	Payroll Withholdings	XX,XXX	XX,XXX
(2030)	Accrued Expenses	XX,XXX	XX,XXX
(2110,2210,2310)	Current portion of long-term debt	XX,XXX	XX,XXX
(2410-2510)	Deferred Income	<u>XX,XXX</u>	<u>XX,XXX</u>
	Total Current Liabilities	<u>XX,XXX</u>	<u>XX,XXX</u>
	Long Term Liabilities:		
(2710)	Notes Payable	XX,XXX	XX,XXX
(2720)	Mortgage Payable	XX,XXX	XX,XXX
(2730)	Capital lease obligation	XX,XXX	XX,XXX
(2810,2810,2910)	Deferred Income	<u>XX,XXX</u>	<u>XX,XXX</u>
	Total Long Term Liabilities	<u>XX,XXX</u>	<u>XX,XXX</u>
	Total Liabilities	<u>XX,XXX</u>	<u>XX,XXX</u>
	Net Assets (Equity):		
(3010,3020)	Unrestricted Net Assets	XX,XXX	XX,XXX
(3310,3320)	Net Assets Temporarily Restricted by Donors	XX,XXX	XX,XXX
(3610)	Net Assets Permanently Restricted by Donors	<u>XX,XXX</u>	<u>XX,XXX</u>
	Total Net Assets (Equity)	<u>XX,XXX</u>	<u>XX,XXX</u>
	Total Liabilities and Net Assets (Equity)	<u>\$XX,XXX</u>	<u>\$XX,XXX</u>

XYZ ASSOCIATION
STATEMENTS OF UNRESTRICTED REVENUE AND EXPENSE
(Natural Classification)
For the years ended December 31, 19X1 and 19X0

REVENUE:	19X1	19X0
4010 Dues (members, chapters, related organizations, etc.)	\$ XX,XXX	\$ XX,XXX
4110 Initiation fees	XX,XXX	XX,XXX
4210 Special assessments	XX,XXX	XX,XXX
4510 Registrations (regular, associate, exhibitor, etc.)	XX,XXX	XX,XXX
4610 Exhibitor fees	XX,XXX	XX,XXX
4710 Supplementary activities (meals, tours, etc.)	XX,XXX	XX,XXX
5100 Advertising	XX,XXX	XX,XXX
5200 Subscriptions	XX,XXX	XX,XXX
5300 Reprints	XX,XXX	XX,XXX
5400 Video (and other visual materials)	XX,XXX	XX,XXX
5500 Royalties	XX,XXX	XX,XXX
5600 Mailing Labels	XX,XXX	XX,XXX
5700 Management fees (related entities, etc.)	XX,XXX	XX,XXX
5800 Administrative fees (insurance program, etc.)	XX,XXX	XX,XXX
5900 Commissions	XX,XXX	XX,XXX
6000 Grants (Government, foundation, corporate, etc.)	XX,XXX	XX,XXX
6110 Contributions (cash, property, services)	XX,XXX	XX,XXX
6210 Sponsorship	XX,XXX	XX,XXX
6220 Endorsements	XX,XXX	XX,XXX
6230 Interest	XX,XXX	XX,XXX
6240 Dividends	XX,XXX	XX,XXX
6250 Rent	XX,XXX	XX,XXX
6260 Gain on sale of investments	XX,XXX	XX,XXX
6270 Gain on disposal of operating assets	XX,XXX	XX,XXX
6280 Miscellaneous	XX,XXX	XX,XXX
Total Revenue	<u>XXX,XXX</u>	<u>XXX,XXX</u>
EXPENSE:		
7050 Salaries	XX,XXX	XX,XXX
7070 Payroll taxes (FICA, FUTA, state unemployment, etc.)	XX,XXX	XX,XXX
7090 Benefits (health, life & disability insurance, etc.)	XX,XXX	XX,XXX
7110 Retirement (pension, etc.)	XX,XXX	XX,XXX
7120 Parking	XX,XXX	XX,XXX
7130 Professional development (education, etc.)	XX,XXX	XX,XXX
7410 Mortgage interest	XX,XXX	XX,XXX
7420 Rent	XX,XXX	XX,XXX
7430 Maintenance	XX,XXX	XX,XXX
7440 Repairs	XX,XXX	XX,XXX
7450 Property Taxes	XX,XXX	XX,XXX
7460 Utilities	XX,XXX	XX,XXX
7520 Audio visuals	XX,XXX	XX,XXX
7530 Awards-plaques	XX,XXX	XX,XXX
7540 Meals	XX,XXX	XX,XXX
7550 Entertainment	XX,XXX	XX,XXX
7560 Equipment rental	XX,XXX	XX,XXX
7570 Exhibit hall	XX,XXX	XX,XXX
7580 Hotel	XX,XXX	XX,XXX
7590 Cancellation insurance	XX,XXX	XX,XXX
7610 Speakers	XX,XXX	XX,XXX
7620 Tours	XX,XXX	XX,XXX
7710 Travel (board, committees, staff, etc.)	XX,XXX	XX,XXX
7720 Professional Fees (audit, legal, consultants, etc.)	XX,XXX	XX,XXX
7730 Computer supplies and maintenance	XX,XXX	XX,XXX
7740 Reproduction	XX,XXX	XX,XXX
7750 Depreciation	XX,XXX	XX,XXX
7760 General insurance (liability, office, etc.)	XX,XXX	XX,XXX
7770 Loss on disposal of operating assets	XX,XXX	XX,XXX
7780 Office supplies	XX,XXX	XX,XXX
7790 Postage	XX,XXX	XX,XXX
8010 Printing	XX,XXX	XX,XXX
8020 Taxes (federal and state income, property, etc.)	XX,XXX	XX,XXX
8030 Reference materials	XX,XXX	XX,XXX
8040 Dues	XX,XXX	XX,XXX
Total Expense	<u>XXX,XXX</u>	<u>XXX,XXX</u>
Excess of Revenue over Expense	<u>\$XXX,XXX</u>	<u>\$XXX,XXX</u>

XYZ ASSOCIATION
 STATEMENTS OF UNRESTRICTED REVENUE AND EXPENSE
 (Functional Classification)
 For the years ended December 31, 19X1 and 19X0

REVENUE ¹ :	19X1	19X0
(800) Dues ²	\$ XX,XXX	\$ XX,XXX
(100) Meetings	XX,XXX	XX,XXX
(200) Education	XX,XXX	XX,XXX
(300) Trade shows	XX,XXX	XX,XXX
(400) Publications	XX,XXX	XX,XXX
(500) Certification	XX,XXX	XX,XXX
(800) Investments ²	XX,XXX	XX,XXX
(800) Grants ²	XX,XXX	XX,XXX
(900) Contributions ²	XX,XXX	XX,XXX
Total Revenue	<u>XX,XXX</u>	<u>XX,XXX</u>
EXPENSE:		
(100) Meetings:		
(01) Annual meeting	XX,XXX	XX,XXX
(02) Regional meetings	XX,XXX	XX,XXX
(03) Board and committee	<u>XX,XXX</u>	<u>XX,XXX</u>
	XX,XXX	XX,XXX
(200) Education		
(01) Spring conference	XX,XXX	XX,XXX
(02) Fall conference	XX,XXX	XX,XXX
(03) Regional workshops	<u>XX,XXX</u>	<u>XX,XXX</u>
	XX,XXX	XX,XXX
(300) Trade shows		
(01) Eastern	XX,XXX	XX,XXX
(02) Western	XX,XXX	XX,XXX
(03) European	<u>XX,XXX</u>	<u>XX,XXX</u>
	XX,XXX	XX,XXX
(400) Publications		
(01) Magazine	XX,XXX	XX,XXX
(02) Newsletter	XX,XXX	XX,XXX
(03) Directory	XX,XXX	XX,XXX
(04) Books	<u>XX,XXX</u>	<u>XX,XXX</u>
	XX,XXX	XX,XXX
(500) Certification		
(01) Testing	XX,XXX	XX,XXX
(02) Renewals	<u>XX,XXX</u>	<u>XX,XXX</u>
	XX,XXX	XX,XXX
(600) Government relations		
(01) Legislative	XX,XXX	XX,XXX
(02) Regulatory	XX,XXX	XX,XXX
(03) Coalitions	XX,XXX	XX,XXX
(04) Issue briefings	XX,XXX	XX,XXX
(800) Management and general	XX,XXX	XX,XXX
(900) Fundraising	<u>XX,XXX</u>	<u>XX,XXX</u>
	XX,XXX	XX,XXX
Total Expense	<u>XXX,XXX</u>	<u>XXX,XXX</u>
Excess of Revenue Over Expense	<u>\$ XX,XXX</u>	<u>\$ XX,XXX</u>

¹Specific program service revenue not presented, however, this breakdown could be presented in a manner similar to the expense section (see next page).

²In this presentation these sources of revenue are not considered program service revenue, rather they are viewed as general support and fundraising.

XYZ ASSOCIATION
STATEMENT OF UNRESTRICTED REVENUE AND EXPENSE
(Departmental Classification of Expenses)
For years ended December 31, 19X1 and 19X0

REVENUE:	<u>19X1</u>	<u>19X0</u>
(01) Education department		
(200) Education		
(01) Spring conference	\$ XX,XXX	\$ XX,XXX
(02) Fall conference	XX,XXX	XX,XXX
(03) Regional workshops	<u>XX,XXX</u>	<u>XX,XXX</u>
	XX,XXX	XX,XXX
(500) Certification		
(01) Testing	XX,XXX	XX,XXX
(02) Renewals	<u>XX,XXX</u>	<u>XX,XXX</u>
	XX,XXX	XX,XXX
Education department total	XX,XXX	XX,XXX
(02) Meetings department		
(100) Meetings		
(01) Annual meeting	XX,XXX	XX,XXX
(02) Regional meetings	XX,XXX	XX,XXX
(03) Board and committee meetings	<u>XX,XXX</u>	<u>XX,XXX</u>
	XX,XXX	XX,XXX
(300) Trade shows		
(01) Eastern	XX,XXX	XX,XXX
(02) Western	XX,XXX	XX,XXX
(03) European	<u>XX,XXX</u>	<u>XX,XXX</u>
	XX,XXX	XX,XXX
Meetings department total	XX,XXX	XX,XXX
(03) Publications department		
(400) Publications		
(01) Magazine	XX,XXX	XX,XXX
(02) Newsletter	XX,XXX	XX,XXX
(03) Directory	XX,XXX	XX,XXX
(04) Books	<u>XX,XXX</u>	<u>XX,XXX</u>
	XX,XXX	XX,XXX
Publications department total	XX,XXX	XX,XXX
(04) Member relations department		
(600) Dues	XX,XXX	XX,XXX
(05) Administration		
(600) Investments	XX,XXX	XX,XXX
(800) Grants	XX,XXX	XX,XXX
(900) Contributions	<u>XX,XXX</u>	<u>XX,XXX</u>
	XX,XXX	XX,XXX
Administration department total	XX,XXX	XX,XXX
Total Revenue	XX,XXX	XX,XXX
EXPENSE ¹ :		
(01) Education	XX,XXX	XX,XXX
(02) Meetings	XX,XXX	XX,XXX
(03) Publications	XX,XXX	XX,XXX
(04) Member services	XX,XXX	XX,XXX
(05) Administration	XX,XXX	XX,XXX
(06) Government affairs ²	XX,XXX	XX,XXX
Total Expense	<u>XX,XXX</u>	<u>XX,XXX</u>
Excess of Revenue over Expense	<u>\$ XX,XXX</u>	<u>\$ XX,XXX</u>

¹Expenses could be broken down in a manner similar to revenue. Many associations identify only direct departmental expenses. The allocation of overhead, while not required, is highly desirable for managerial purposes.

²This department is assumed to be a service department only, with no revenue being created.

XYZ ASSOCIATION
 STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
 For years ended December 31, 19X1 and 19X0

	<u>Unrestricted</u>	----Donor restricted----		
		<u>Temporary</u>	<u>Permanent</u>	<u>Total</u>
Balance 01/01/19X0	\$ XX,XXX	\$ XX,XXX	\$ XX,XXX	\$ XX,XXX
Excess of revenue over expense	XX,XXX			XX,XXX
Funds received for:				
Purpose A		XX,XXX		XX,XXX
Endowment			XX,XXX	XX,XXX
Earnings on donor restricted funds		XX,XXX	XX,XXX	XX,XXX
Donor restrictions fulfilled	<u>XX,XXX</u>	<u>(XX,XXX)</u>		
Balance 12/31/19X0	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>XX,XXX</u>
Excess of revenue over expense	XX,XXX			XX,XXX
Funds received for:				
Purpose A		XX,XXX		XX,XXX
Endowment			XX,XXX	XX,XXX
Earnings on donor restricted funds		XX,XXX	XX,XXX	XX,XXX
Donor restrictions fulfilled	<u>\$ XX,XXX</u>	<u>(XX,XXX)</u>		
Balance 12/31/19X1	<u>\$ XX,XXX</u>	<u>\$ XX,XXX</u>	<u>\$ XX,XXX</u>	<u>\$ XX,XXX</u>

XYZ ASSOCIATION
 DEPARTMENTAL STATEMENT OF UNRESTRICTED REVENUES AND EXPENSES
 MEETINGS DEPARTMENT (02)
 For the years ended December 31, 19X1 and 19X0

REVENUE		<u>19X1</u>	<u>19X0</u>
(01-4510-100-01-02)	Annual meeting	\$ XX,XXX	\$ XX,XXX
(01-4510-100-02-02)	Regional meetings	XX,XXX	XX,XXX
(01-4510-100-03-02)	Board & committee	XX,XXX	XX,XXX
(01-4610-300-01-02)	Eastern trade show	XX,XXX	XX,XXX
(01-4610-300-02-02)	Western trade show	XX,XXX	XX,XXX
(01-4610-300-03-02)	European trade show	XX,XXX	XX,XXX
	Total Revenue	<u>XXX,XXX</u>	<u>XXX,XXX</u>
EXPENSE ¹			
(01-7050-000-00-02)	Salaries	XX,XXX	XX,XXX
(01-7070-000-00-02)	Payroll taxes	XX,XXX	XX,XXX
(01-7090-000-00-02)	Benefits	XX,XXX	XX,XXX
(01-7110-000-00-02)	Retirement	XX,XXX	XX,XXX
(01-7120-000-00-02)	Parking	XX,XXX	XX,XXX
(01-7130-000-00-02)	Professional development	XX,XXX	XX,XXX
(01-7410-000-00-02)	Mortgage interest	XX,XXX	XX,XXX
(01-7420-000-00-02)	Rent	XX,XXX	XX,XXX
(01-7430-000-00-02)	Maintenance	XX,XXX	XX,XXX
(01-7440-000-00-02)	Repairs	XX,XXX	XX,XXX
(01-7450-000-00-02)	Property Taxes	XX,XXX	XX,XXX
(01-7460-000-00-02)	Utilities	XX,XXX	XX,XXX
(01-7520-000-00-02)	Audio visuals	XX,XXX	XX,XXX
(01-7530-000-00-02)	Awards-plaques	XX,XXX	XX,XXX
(01-7540-000-00-02)	Meals	XX,XXX	XX,XXX
(01-7550-000-00-02)	Entertainment	XX,XXX	XX,XXX
(01-7560-000-00-02)	Equipment rental	XX,XXX	XX,XXX
(01-7570-000-00-02)	Exhibit hall	XX,XXX	XX,XXX
(01-7580-000-00-02)	Hotel	XX,XXX	XX,XXX
(01-7590-000-00-02)	Cancellation insurance	XX,XXX	XX,XXX
(01-7610-000-00-02)	Speakers	XX,XXX	XX,XXX
(01-7620-000-00-02)	Tours	XX,XXX	XX,XXX
(01-7710-000-00-02)	Travel	XX,XXX	XX,XXX
(01-7720-000-00-02)	Professional Fees	XX,XXX	XX,XXX
(01-7730-000-00-02)	Computer	XX,XXX	XX,XXX
(01-7740-000-00-02)	Reproduction	XX,XXX	XX,XXX
(01-7750-000-00-02)	Depreciation	XX,XXX	XX,XXX
(01-7760-000-00-02)	General insurance	XX,XXX	XX,XXX
(01-7770-000-00-02)	Loss on disposal	XX,XXX	XX,XXX
(01-7780-000-00-02)	Office supplies	XX,XXX	XX,XXX
(01-7790-000-00-02)	Postage	XX,XXX	XX,XXX
(01-8010-000-00-02)	Printing	XX,XXX	XX,XXX
(01-8020-000-00-02)	Taxes	XX,XXX	XX,XXX
(01-8030-000-00-02)	Reference materials	XX,XXX	XX,XXX
(01-8040-000-00-02)	Dues	XX,XXX	XX,XXX
	Total Expense	<u>XX,XXX</u>	<u>XX,XXX</u>
	Excess of revenue over expense	<u>\$ XX,XXX</u>	<u>\$ XX,XXX</u>

¹Expenses could be further broken down by functional area and program

**SMALL WORKING GROUP
THURSDAY, 21 MARCH & 28 MARCH
DESIGNING THE ORGANIZATIONAL STRUCTURE OF THE
ASSOCIATION**

Step one: understanding structure

It is all about who has what role in making decisions.

developing proposals

reviewing and making recommendations on proposals

making the decision

implementing the decision

Basic concepts of responsibility, authority, and accountability in working with volunteers..

Two models -- Japanese and American stereotypes of management style.

Effective delegation

selection of delegatee

assessment of capability

orientation and training

clarity of expectation

scheduling of review

evaluation of performance

What are the basic components of organizational structure?

The membership -- what decisions are reserved for them.

Do you need membership sub-groups?

What kind?

How much autonomy?

The Board of Directors

How is it selected?

how is it structured? -- achieving balanced representation.

Sub-groups:

size

geography

area of interest

etc.

How large can or should it be?

How frequently will it meet.

Terms of office and term limits

Executive Committee

Do you need one?

How is it selected?

Structure

Terms

Authority

Accountability

Officers

What officers

Chair

Chair-elect?

Vice-chairs?

Secretary

Treasurer

How are they selected?

By the members

By the Board

Terms of office

Authority and accountability

Other committees

Standing or Ad-hoc.

Governance

nominating

Budget & Finance

Program Committees

Policy recommending committees

Who can serve on the committees -- Board or members.

Step two: Understanding group process.

The basics of an agenda

Ritual items

Action items

Discussion items

Information items

Use of a consent calendar

Dealing with action items

format

parliamentary procedure: motions and amendments

How groups work.

The larger the issue, the greater the need for time.

The Abeline Paradox and the problem of Groupthink.

The majority of CAI chapters, especially those above 125 in size, have either part-time or full staff — usually called Chapter Executive Directors (CEDs). For those who don't yet have staff, this chapter will provide some information on considerations prior to hiring chapter staff. This chapter will review basic employment issues that all chapters should be aware of and may need to take action on.

What you can expect from a full-time vs. a part-time CED is significantly different, and the roles of CEDs vary from chapter to chapter depending upon the strengths of each chapter's active members. However, just as you would with employees in your business, it is important to go through a process of goal setting and periodic evaluation of your staff's progress and contributions.

Hiring Your First Chapter Staff Person

(If you already have a chapter staff person and are pleased with how things are going, you can skip this section and go on to the following section on "Considerations for Chapters With Staff")

As your chapter grows, your chapter will want to provide more services for your members and will benefit from paid assistance to perform some functions previously assumed by your members. Some reasonable guidelines in determining the feasibility of hiring staff are to evaluate your chapter's growth and development in terms of:

- ▲ Do you have at least 100-150 members?
- ▲ Do you have a strong volunteer base and effective committee structure?
- ▲ What can you afford to pay and are there adequate financial resources to sustain that salary commitment to a part-time or full-time staff person?
- ▲ Should you hire a staff person directly or should you contract with a management firm?

Before hiring a staff person, you need to be certain that the volunteer and financial foundations of your chapter are strong and viable. The role of the chapter staff member is to assist your chapter in delivering its services to members as they are directed by your chapter's Board of Directors and implemented by your committees. It is important to recognize that this position supports, but does not supplant, the volunteer base that is vital to the health of your chapter.

Considerations for Chapters With Staff

Assuming that your chapter already has at least one staff person or is about to hire one, there are a number of issues which you must consider to get the most out of your investment and to protect your chapter from a legal/tax perspective. These considerations are:

- ▲ If your staff person is an independent contractor, do they still qualify as such under more stringent IRS definitions of employee vs. independent contractor?
- ▲ Is there a job description for this position? What are reasonable expectations/roles for full-time vs. part-time staff?
- ▲ Do you have an employment contract with this individual? (A sample contract can be found at the end of this section.)
- ▲ Do your leaders and volunteers understand their relationship to the staff person and visa-versa?

- ▲ Does your CED understand their vital role in coordinating and communicating with national?
- ▲ Do you have a process established for agreeing upon annual goals and periodic evaluation?
- ▲ What type of compensation and training do you offer your staff person?
- ▲ At what point are most chapters able to increase their part-time staff to full-time?

Independent Contractor vs. Chapter Employee

A chapter can employ a staff person either directly as an employee or as an independent contractor. If your chapter has an employee, it is subject to all local, state and federal employment and unemployment taxes. Chapters that are managed by either an independent contractor or a management firm (non-corporate) must file a Form 1099-MISC for payments of at least \$600 per year.

However, the IRS has become much stricter in allowing individuals to qualify as an independent contractor. Generally, for employment tax purposes, it comes down to these key issues:

- ▲ The degree of autonomy that the person doing your work has — are they self-directed, do you set their hours or do they, do you pay for training, and where do they work?
- ▲ Do they render the services personally or can they delegate tasks to individuals not under contract to the chapter?
- ▲ Do you require their services full-time or may they be hired by other organizations or firms?
- ▲ Is payment by the project or by a time period (i.e. hourly, weekly or annually)?
- ▲ Do you provide the equipment, tools and materials they need to work?
- ▲ Who is liable for compensation if the employment contract is severed?

If you think you need more information on this subject, refer to the list in the back of this section of the 20 factors which the IRS has identified as guidelines to determine whether sufficient control is present to establish an employer-employee relationship.

Roles of Part-Time vs. Full-Time Chapter Staff

As mentioned earlier, the role of chapter staff varies from chapter to chapter depending upon the strengths and involvement of the chapter's volunteers. If your volunteers are excellent at organizing and putting on programs — staff may stay out of this area and focus on selling tables or booths for your CA Day, whereas in other chapters, members may perform this function effectively and nobody is interested in writing the newsletter.

A list of tasks for part-time and full-time staff has been developed based upon extensive interaction with CEDs from chapters of all sizes and is provided in the back of this section. However, you will note that even for chapters with full-time CEDs, the CED can not do everything. Although they may be responsible for ongoing communication, customer service/phones and basic administrative tasks, most can only serve as a coordinator and catalyst for major chapter activities — they can't do it all.

As your active volunteers change from year to year, you may need to redesign the role of your staff person to best complement the volunteers' skills and interests. Also, as you add new goals and projects, you may need to re-prioritize existing activities and perhaps eliminate ones that have little or no current

value. Reviewing your staff's job description prior to the beginning of your term when volunteers have been newly appointed would be a good way to get this process off the ground.

Relationship Between Volunteers and Staff

Generally, most CEDs sit in an ex officio capacity on chapter Boards. As such, they participate in Board meetings in a non-voting position. Unless specifically precluded by chapter bylaws or by subject matter discussion, i.e., their job performance or employment, many CEDs are included in executive sessions of the Board. As a vital member of your leadership team, it is important that your CED be informed and have input into the operation and management of your chapter.

Your contract with your CED should clearly define the lines of authority between your CED and the Board. Generally, a CED is hired, evaluated and fired through Executive Committee or Board action. In most cases the CED reports directly to the President. However, this does not negate his/her responsibility to the entire Board; it simply defines a point of primary contact.

With so many eager volunteers, the lines of authority sometimes get crossed if everyone does not understand the ground rules. Volunteers sometimes feel that, as members, they should be able to have the CED do as they want him/her to do and there may be much competition for your staff's time. It is up to you as a chapter leader to work with your staff when needed to establish priorities and make certain that everyone involved is clear about them. There will probably be a period of adjustment with each new set of committee chairs and leaders each year.

With your support, a competent staff person should learn to balance these demands without demotivating any volunteers or taking on too many projects to perform any of them successfully. If your chapter has job descriptions for committees, they may help to further clarify who is responsible for what.

Role in Coordinating and Communicating with National

As stated in the first section of this manual, CAI national and its chapters are partners in serving our members. In order for this partnership to be most effective, there must be a strong and frequent flow of communication between your chapter and national. In addition to the important contacts which you maintain with national on behalf of your chapter, your chapter staff person provides a vital communication link to national's staff.

Your CED is CAI national's primary contact in communicating with your chapter and receive mailings at least weekly from the national organization. It is imperative that they pass along the information he/she is sent to the appropriate people at your chapter and especially that they keep you, as a chapter leader, well informed.

Likewise, your staff person has a valuable role in communicating directly with national — in addition to your direct contacts. Although no longer required as part of the recertification process, CAI national would still like to receive copies of your chapter minutes and newsletters on a regular, timely basis to keep up with what is going on in your chapter.

Your CED is also an important link in communicating and promoting CAI national's services and programs to your members. For example, giving visibility to PCAM's, encouraging members to become Frequent Recruiters, and showcasing new publications in your chapter newsletters helps to increase the value of membership to our members and enhances retention. Chapters also benefit through better attendance at educational programs by PCAM candidates, more new members and income generated from the sale of CAI publications.

Your CED is crucial in making the national/chapter partnership one that benefits all parties involved — your chapter, national, and most importantly, our members!

Goal Setting and Evaluations

One of the most important things you can do to get your relationship with your staff person off to a good start is to set up a meeting to develop their goals for the year. Once you have agreed upon what is expected, evaluating their performance is much easier. Whenever possible, goals should be quantifiable and have specific target dates. Reviewing these periodically will allow you to give feedback on progress and to re-negotiate the goals in light of new priorities or projects if needed prior to their annual evaluation — giving them a chance to re-focus if necessary.

Evaluations and salary reviews should be held at least annually, and if possible, after six months for a new employee. A sample Evaluation Form is included in the back of this section. You will note that it is used as part of a process in which both the supervisor and the employee complete the same form and then share their feedback together. The more specific your staff person's goals, the smoother this process will go.

Staff Compensation and Training

CAI chapters offer a wide range of pay and contract fees to their CEDs. The amount is dependent upon the job description, full-or-part-time status, competitive salaries in their area and employee vs. independent contractor classification.

Many chapters offer their CED the opportunity to earn commissions to supplement their salaries or fees. Newsletter and directory advertising and trade show booth sales are some of the most common areas in which this is done. However, because membership is an area where members are most effective, it is recommended that any incentives in membership be on net growth —reflecting the CED's overall support of membership.

Training. Regardless of your CED's status, your chapter should be prepared to incur the expense of sending him/her to all regional meetings and, at the minimum, to the CAI Fall Conference. Larger chapters should also consider supporting membership in and/or educational programs through a professional association such as the American Society of Association Executives. Your chapter will reap benefits from the learning and networking that take place at these functions, which will far outweigh the expense incurred.

Increasing Your Part-Time Staff to Full-Time

Judging from the current employment patterns of chapters, it appears that a part-time CED is able to adequately satisfy chapter needs (or is all a chapter can afford) until the chapter size reaches somewhere around 250 to 300 members. Most chapters from this point up to 500 in size have one full-time CED, while chapters above 500 may have several staff members.

You may find the comparisons of tasks and job responsibilities at the back of this section to be helpful in providing direction to your staff person. In any case, the more active the volunteers are in implementing activities — the more the chapter can accomplish with its staff, part-time or full-time.

SAMPLE EMPLOYEE CONTRACT
(COMMUNITY ASSOCIATIONS INSTITUTE - CHAPTER NAME)

This compilation of several CED contracts is intended to serve as a starting point in drafting your contract, not as legal advice. Please contact an attorney in your state.

Agreement, Made this ___ Day of (Month)_____, 19___, by and between the (Name of Chapter of the COMMUNITY ASSOCIATIONS INSTITUTE) and (name and title of employee).

Term of Employment

Employment shall commence on (date), and continue until either party to the Agreement notifies the other in writing of intention to terminate employment pursuant to paragraph ____.

Working Facilities

Executive Director shall be furnished with an appropriate work area and other facilities and services at (location), including office space, chapter telephone, phone answering device, computer hardware and software, and office furniture with supplies as needed for Chapter use.

Duties and Performance

As outlined in Executive Director Job Description sheets.

Hours

Executive Director shall devote a minimum of ___ hours per month to the duties under this agreement. He/she may contribute any additional time. Employee shall be free to represent or perform services for any other clients provided such representation or performance does not interfere with the duties under this Agreement.

Compensation

Executive Director shall receive a minimum of \$_____ per month. In addition, employee shall receive ___% of all net profit fees exceeding budget received by Chapter for (you specify, i.e. seminars, workshops, programs, directory and newsletters sponsored by Chapter.)

Business Expense

Chapter shall reimburse Executive Director for all business expenses incurred in connection with Chapter business, so long as projects are approved in advance by the Board of Directors or President. Approved travel will be reimbursed at the rate of \$.275 per mile or IRS approved rate. Chapter shall pay all expenses incurred by Executive Director for attending CAI National Conferences.

Annual/Sick Leave

Executive Director shall be entitled to Annual and Sick Leave paid by the Chapter in accordance with established practice.

Termination or Dismissal

Executive Director may terminate his/her employment by submitting written notice to the Board of Directors, specifying a termination date, which shall be sixty (60) days after the date of the submission of Notice. During this sixty (60) day period, Executive Director shall continue to receive salary and benefits, but shall continue in the position only to the extent he/she is requested to do so by the Chapter.

Termination for Cause

The Chapter reserves the right to terminate its obligation to Executive Director in the event of such acts of dishonesty, fraud, insubordination, misrepresentation or acts of moral turpitude as would prevent the effective performance by employee of his/her duties or would adversely reflect on the reputation of the Chapter.

Assignment

This Agreement shall inure to the benefit of and be binding upon the respecting successors and assigns of Chapter and Executive Director.

Governing Law

This Agreement shall be governed by and in accordance with the laws of the State of _____.

IN WITNESS WHEREOF, the Association has caused this Agreement to be duly executed and its seal to be affixed on its behalf by its properly authorized officers, and the Employee has hereunto set his/her hand and affixed his/her seal as of the day and year first above written.

EXECUTED this _____ day of _____, 19_____.

Executive Director

By: _____
President

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TASKS AND RESPONSIBILITIES: PART-TIME AND FULL-TIME CHAPTER STAFF

Below are the basic job assignments that your Board should be looking for a chapter staff to fulfill, whether they are part-time or full-time. What you have to keep in mind is that a part-time staff person working less than 20 hours per week will be able to assume some of these responsibilities but not all.

Administrative

1. Respond to routine calls and correspondence.
2. Establish and maintain files.
3. Maintain supplies.
4. Assist in preparation of recertification submittal.
5. Maintain and distribute Board and committee rosters.
6. Maintain current chapter roster.
7. Compile and update calendar of events.

Membership

1. Answer membership inquiries; refer to recruitment committee for follow-up.
2. Maintain and distribute membership promotional material to membership committees.
3. Send new member welcome packets.
4. Maintain prospect list according to input from recruitment committee.

Financial

1. Verify monthly dues report and deposit check, if not on direct deposit.
2. Provide needed information for preparation of financial statements and tax returns.
3. Assist in preparation and distribution of budget.

(Distribution of contracted hours will determine how many of these other financial items listed below your CED should be expected to handle.)

4. Collect and deposit all chapter receivables.
5. Maintain accounts payable files.
6. Prepare checks and forward to appropriate officer(s) for signature.
7. Prepare and mail invoices for all accounts receivable; deposit payments.

Board Support

1. Attend all Board meetings.
2. Coordinate date, time, notices.
3. Prepare agenda and distribute.
4. Collect and distribute committee reports prepared by chairs.

5. Prepare CED report.
6. Distribute minutes that have been prepared by Secretary.
7. Prepare and mail notices for all membership meetings. Make all arrangements.
8. Assist election committee as able.

Committee Support

1. Provide committees with needed information and materials.

Programs

1. Coordinate receipt of all reservations and forward to program committee.
2. Attend programs, as able, to assist.
3. Coordinate program calendar.
4. Assist as needed in coordinating national educational programs.

Newsletter

1. Assist newsletter committee as able.

Special Fund Raising Events

1. Assist all committees as able.

Membership Directory

1. Provide directory committee with updated membership roster.
2. Assist directory committee as able.

Additionally, full-time chapter staff may add to their job assignments the following types of activities:

Administrative

1. Maintain official chapter office.
2. Prepare recertification submittal.

Membership

1. Coordinate recruitment and retention activities with chairs. Provide needed materials and data.

Committee Support

1. Attend committee meetings as need arises.
2. Assist committee chairs as needed.

Programs

1. Assist program committee in securing program site, food arrangements, speaker confirmations, mailing flyers, taking reservations, preparing name tags.
2. Attend all programs, sign in participants, if necessary and act as on-site coordinator.
3. Assist program committee in preparing program report for Board.
4. Work with national office as on-site coordinator for all national educational programs.
5. Work with public relations committee to prepare and mail press releases of all programs.
6. Compile and reproduce all materials and handouts for programs.
7. Work with sponsorship committee to obtain sponsors for all programs.
8. Serve as coordinator between chapter and appropriate body to have programs accepted for credit for continued professional accreditation.

Newsletter

1. Assist in collection of articles.
2. Collect all advertising fees and copy.
3. Coordinate printing and proofing of newsletter.
4. Coordinate distribution of newsletter.
5. Write CED column.
6. Provide copy of other CAI newsletters for informational purposes.

Special Fund Raising Events

1. Service as primary coordinator of all committee work for event.
 - A. Location
 - B. Advertising
 - C. Food
 - D. Sponsors
 - E. Booths
 - F. Speakers

Membership Directory

1. Assist directory committee in verifying membership information.
2. Coordinate production and distribution of directory.
3. Assist advertising and sponsorship committee.

SAMPLE CHAPTER STAFF PERFORMANCE EVALUATION

Name _____ Date _____

Chapter _____ Date of Last Review _____

This form serves as a permanent record of your performance while serving as Chapter Executive Director. It is intended to be used as a yearly form of performance evaluation.

Both you and the Executive Committee will complete a performance evaluation form and a personal conference will be scheduled between you and the President. During the conference, both your self-evaluation and that of the Executive Committee will be reviewed and discussed. The goal is to identify areas of peak performance as well as those which need strengthening. You may append a statement to the Executive Committee's evaluation, if you wish. Both the original of your self-evaluation and that of the Executive Committee will be retained by the chapter.

Please circle the appropriate rating. Explanatory comments are required for each rating and should provide specific documentation to support the rating. A plus (+) or minus (-) symbol may be used in conjunction with the rating scale to indicate a variation or emphasis that is between two ratings.

Description of Rating Scales for Performance Evaluation

- Outstanding:** Work performance is distinguished and clearly obvious. Results consistently exceed goals and objectives for the position. Reserved for exemplary performance.
- Excellent:** Work performance is commendable and highly effective. Performance is noticeably better than competent.
- Good:** Work performance is consistently satisfactory. Position responsibilities are effectively fulfilled.
- Fair:** Work performance is handled reasonably well, but there are areas where improvement is needed.
- Unsatisfactory:** Work performance does not meet acceptable standards.

QUALITY OF WORK. The ability to produce results of high quality. Activities/functions are error free and reflect high standard for member service.

OUTSTANDING _____ EXCELLENT _____ GOOD _____ FAIR _____ UNSATISFACTORY _____

COMMENTS:

PRODUCTIVITY/QUANTITY: Within the limitations of contracted hours, the ability to produce high volume acceptable work in a prompt manner.

OUTSTANDING _____ EXCELLENT _____ GOOD _____ FAIR _____ UNSATISFACTORY _____

COMMENTS:

PLANNING AND ORGANIZATION: Anticipates workload and schedules tasks for efficient accomplishment of individual and group objectives. Coordinates with others as necessary.

OUTSTANDING _____ EXCELLENT _____ GOOD _____ FAIR _____ UNSATISFACTORY _____

COMMENTS:

RELIABILITY AND DEPENDABILITY: Consistently accepts commitments and meets deadlines. Willing to "go the extra mile" when necessary.

OUTSTANDING _____ EXCELLENT _____ GOOD _____ FAIR _____ UNSATISFACTORY _____

COMMENTS:

INITIATIVE: Recognizes situations which can be improved and ways in which we can serve our members better. Brings to Executive Committee's attention for consideration. Serves as a resource to the Executive Committee.

OUTSTANDING _____ **EXCELLENT** _____ **GOOD** _____ **FAIR** _____ **UNSATISFACTORY** _____

COMMENTS:

WORK HABITS: Conscientious and responsible in meeting job description. Exemplifies professionalism.

OUTSTANDING _____ **EXCELLENT** _____ **GOOD** _____ **FAIR** _____ **UNSATISFACTORY** _____

COMMENTS:

INTERPERSONAL RELATIONSHIPS: Achieves effective relationships with other chapter and/or national staff members and volunteers as well as contacts outside chapter. Creates and maintains harmonious work relations and supports group goals.

OUTSTANDING _____ **EXCELLENT** _____ **GOOD** _____ **FAIR** _____ **UNSATISFACTORY** _____

COMMENTS:

Summary Review

STRENGTHS/AREAS OF IMPROVEMENT

Strengths

1. _____
2. _____
3. _____
4. _____
5. _____

Areas to Improve

1. _____
2. _____
3. _____
4. _____
5. _____

() This evaluation is complete on these _____ pages.

() Appended to and an integral part of this evaluation are the following:

President, Date

I have reviewed the above evaluation and discussed it with the chapter President. My signature below shall not be construed to mean either agreement or disagreement with the evaluation, but rather acknowledgment that the evaluation has been seen by me. I also understand that I have the right to append comments to the evaluation if I so desire.

CED's Signature, Date

While your chapter's articles of incorporation were drafted in general terms to permit maximum flexibility, your bylaws are the legal guidelines that specify the rules of operation for your chapter. As a chapter leader, you have a fiduciary responsibility to ensure that your chapter operates in accordance with your bylaws, which are your governing documents. Additionally, you are responsible for ensuring that your chapter's bylaws have been drafted and remain (if changes are made) in compliance with both the CAI Model Chapter Bylaws and your state laws.

What Are the Model Chapter Bylaws?

The Model Chapter Bylaws, which are based on the CAI National Bylaws, provide both a sample and parameters for your chapter to follow in drafting or amending your bylaws. A copy of the bylaws is available from the Membership and Chapter Relations Department.

Drafting or Making Changes to Your Bylaws

Certain sections of the Model Chapter Bylaws are marked as "Mandatory", "Flexible", or "Optional". What each of these mean to your chapter is that:

- ▲ **MANDATORY** sections must be included in your chapter bylaws without amendment.
Example – The definitions of "Community Association", "Homeowner", and "Areas of Specialization"
- ▲ **FLEXIBLE** sections must be included, but your chapter has flexibility in determining the approach that it wishes to take.
Example – Special Meetings. The chapter must provide for special meetings, but it may include language of its choosing.
- ▲ **OPTIONAL** sections may be included in your bylaws based on the chapter's preference.
Example – Voting By Proxy. Your chapter can decide whether or not it wants to permit voting by proxy, as long as the decision is consistent with state law.

What Are CAI's Membership Classes?

According to your bylaws, CAI members fall into one of four membership classes. Membership dues and benefits are based on these classes. Membership classes are defined according to the relationship that an individual has to the community association industry:

- ▲ **Homeowner Members.** Bona fide homeowners who do not earn their income providing services or selling products to community associations.
- ▲ **Affiliate Members.** Public officials and educators who are involved in activities related to community associations.
- ▲ **Professional Members.** These are the builder/developers, managers, attorneys, bankers, accountants, insurance agents, engineers, etc. who provide professional services to community associations.
- ▲ **Associate Members.** These are our vendor members who market products to community associations.

Q: If a member owns a home in a community association but is also a manager with a community associations management firm, can he/she be classified as a Homeowner Member?

A: No, this individual must belong to CAI as a Professional Member, since that is their relationship with the community association industry. As a Homeowner Member, this individual would not receive the professional literature that our Professional Members receive nor could they take advantage of the advertising and sponsorship opportunities offered to our Professional Members.

How Membership Classes Affect Your Chapter

Since membership fees are based on the various classes of membership, the amount of rebate your chapter receives for a member is dependent upon that member's type of membership. Therefore, if a Professional Member incorrectly purchases a Homeowner membership, not only does that individual miss out on the benefits of a Professional membership, but your chapter also loses a substantial amount of rebate on that membership.

Types of Membership Packages Offered by CAI and Key Benefits

CAI offers three membership packages for its members to choose from. Members select the one that best meets their personal or professional needs:

Basic Membership – For individuals, companies and associations

Gold Membership – For large companies and associations

Corporate Membership – For those who want to affiliate with more than one chapter

Both homeowner controlled associations and Gold members may have up to three representative listings. However, even though three representatives are listed, they represent only one membership. This membership is entitled to cast only one vote on all matters that require a vote by members.

Q: If a homeowners association is only permitted to cast one vote in a chapter election, who receives the information and the ballot?

A: The primary representative listed on any multi-representative membership receives all voting information for that membership.

Bylaws Implications for Your Board of Directors

Size of Your Board

According to the Model Chapter Bylaws, your chapter board can range in size from a low of five members to a high of 21 members and must be an odd number. Does your chapter have difficulty in filling Board seats or having enough Board members present at a meeting to carry on business? If the size of

your Board is inhibiting your chapter from meeting your goals, but there have always been 13 members on your Board, then maybe it's time to re-evaluate your Board size!

Board Nominations and Elections: Achieving Board Balance

Your chapter has the option of nominating an uncontested slate or conducting balloting for contested elections for your Board of Directors. A nominating committee must be designated so that

- ▲ at least one member is a Homeowner, and
- ▲ no more than two members are from the same area of specialization

Members of your nominating committee may not be chapter officers (unless your chapter wants the President-Elect to serve) or members running for election. The size of your nominating committee and the other representatives are up to your chapter.

The goal of the CAI Board of Trustees is that chapter boards reflect CAI's member diversity - without giving too much influence to one group. It has designated 12 areas of specialization that are used to assist in achieving board balance. What this means to your chapter is that there are distinct specifications for the composition of your Board in order to meet recertification requirements

The twelve areas of specialization are:

1. Homeowner
2. Manager
3. Attorney
4. CPA/Accountant
5. Insurance Agent/Risk Manager
6. Engineer/Reserve Study Specialist
7. Associate - Vendor
8. Builder/Developer
9. Mortgage Lender/Banker/Investment Advisor
10. Public Official
11. Educator
12. Other

Is Your Board Balanced?

Board of 5 members – One Homeowner and no more than one Director from any area of specialization

Board of 7, 9 or 11 members – At least one Homeowner and no more than two Directors from any area of specialization

Board of 13 members – At least two Homeowners and no more than two Directors from any area of specialization

Board of 15 or 17 members – At least two Homeowners and no more than three Directors from any area of specialization

Board of 19 or 21 members – At least three Homeowners and no more than three Directors from any area of specialization

How Long Can A Board Member Serve?

To guarantee continuity of leadership, the terms of office of one-third of your Board members expire each year. That means that your Directors serve a three-year term. None of your Board members can serve more than two consecutive, three-year terms. However, a person who has previously served as a Director and who has not served on the Board for at least one year can serve again. **Under no circumstances can a Director serve more than four terms.**

Q: If a Board member serves two years of another Director's term and then is elected to the Board, do those first two years count toward the two consecutive, three-year term limit?

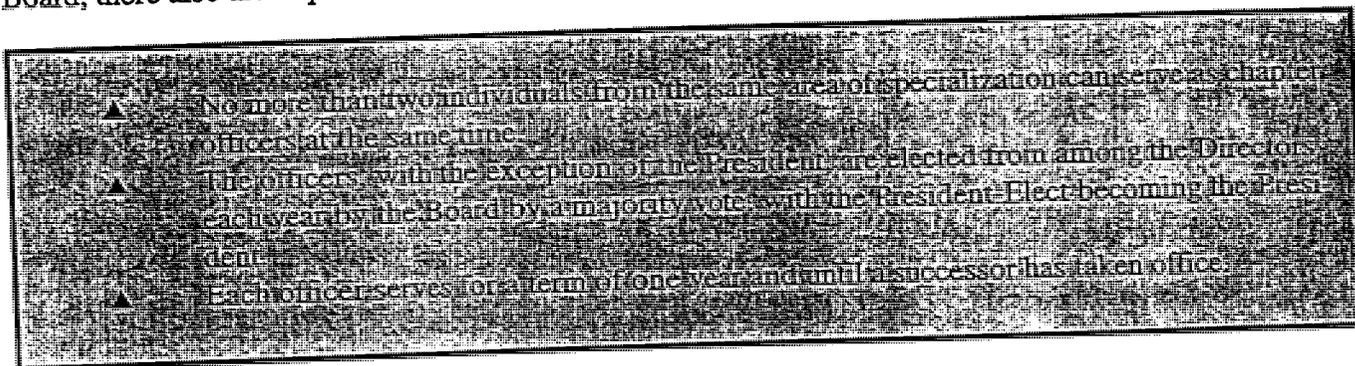
A: Yes, the first two years count toward the two consecutive, three-year term limit. Any portion of a term constitutes a three-year term.

Bylaws Implications for Your Chapter Officers

Although your Board of Directors may appoint additional officers, the Model Chapter Bylaws require that the elected officers of chapters must include:

President
President-Elect
Vice President
Secretary
Treasurer

Just as the Model Chapter Bylaws have specific requirements regarding the balance and terms of your Board, there also are requirements for your elected officers:



If you have any questions, please contact the Membership and Chapter Relations Department.

BEST AVAILABLE COPY

Bylaw Provisions

- A. Name and location
- B. Objectives/Statement of Purpose
- C. Membership
 - 1. Qualifications
 - 2. Types of membership and definition
 - 3. Removal
 - 4. Reinstatement
 - 5. Resignation
- D. Organization Structure
- E. Dues Structure
 - 1. Establishment
 - 2. Cancellation
 - 3. Refunds
- F. Meetings and Voting Procedures
 - 1. Types of general membership meetings
 - 2. Notice of meetings
 - 3. Voting procedures and quorum
- G. Officers
 - 1. Elected officers
 - 2. Nomination and election
 - 3. Term of office and re-election
 - 4. Vacancy/removal
- H. Duties of Officers
- I. Board of Directors
 - 1. Authority
 - 2. Election and term of office
 - 3. Meetings and quorum
 - 4. Voting procedures
 - 5. Absence

6. Vacancy/removal
7. Compensation
8. Indemnification

J. Executive Committee

1. Authority
2. Composition
3. Meetings and quorum
4. Vacancy

K. Special and Standing Committees

1. List and responsibilities
2. Creation and dissolution

L. Executive and Staff

1. Appointment
2. Authority/responsibilities

M. Finance

1. Fiscal year
2. Bonding
3. Budget procedure
4. Audit

N. Indemnification

O. Dissolution

P. Rules of Order

Q. Amendment Procedure

Other provisions may include:

Legal compliance (including antitrust policy)

Property holding and transfer

Relationships with other associations

Adoption and use of a seal

Source: Fundamentals of Association Management: Organization, ASAE, 1984.

Association Governance Structure

The governance structure of associations is generally different than the governance structure of other organizations. The organizational structure of associations is best explained by the concept of administration by democracy. Associations represent, protect, encompass, and promote the interests of participants or members. These members determine, through a democratic process, who will be the leaders of the association. The leaders, in turn, make all policy and fiscal decisions for the association.

The leadership group is usually called the Board of Directors. The authority of the Board of Directors can be delegated to the officers of the association, who are elected by the membership or by the Board of Directors.

In addition, the Board of Directors, standing committees, and ad hoc committees, composed of members of the association, are used to support the activities of the Board and association. Committee members are usually selected by the Chairman of the Board of Directors.

The final component is the association staff. The staff is directed by the association's chief executive officer. By virtue of the democratic nature of associations, the decision making structure must be separate from the staff. However, the chief staff executive should serve as an ex-officio officer of the board. Below is an analysis of each level of the decision making process which shows the different roles of the board, committees, and staff.

Members

At the top of every association's organizational chart is the membership at large. The association's reason for existence lies within the interest of the members. The ultimate decision-making authority of the association rests with the members. The needs of the members are the most important issue. The function of the association is to carry out the programs and activities that benefit the common good of all or most members.

Board of Directors

The second level in the organizational structure is the Board of Directors. Most association bylaws state that the affairs of the association shall be governed, supervised, and controlled by a Board of Directors. This group may be called a board of directors, a house of delegates, or a board of trustees or governors. These members, who should be the most knowledgeable about the activities and needs of the association, are elected by the membership at large. The authority delegated to the Board of Directors requires that they set policies and make relevant decisions on behalf of the association's membership.

Officers

Depending on the association's bylaws, the officers are selected from the board by either the membership, the board itself, or a nominating committee. Officer positions usually include the Chair, Chair-elect, Secretary, Treasurer, and the chief staff executive, as an ex-officio officer. These elected officers are often called the executive committee.

The executive committee acts as a liaison and functions for the board between meetings of the board. The executive committee also makes any final decisions regarding financing the association. The bylaws outline the number, limitations, scope, and responsibility of members of the Executive Committee. Another responsibility often delegated to the officers by the board is the recruitment and hiring of the association executives.

Committees

The chairs and members of committees are usually appointed by the chief elected officer or chairman of the board. In some cases, the entire board must formally approve the committee chairmen and members. The number and size of committees should reflect the desires, goals, and objectives of the association membership. Committees represent the membership by providing participatory communication and ensuring that all interests of the membership are conveyed. In establishing committees, it is important to define the objectives and goals of each committee. It is not wise to name a committee just for the sake of getting members involved. A definite purpose must be established.

There are two types of committees: standing committees and ad hoc committees. Standing committees are those that exist to carry on essential activities of the association each and every year. Types of standing committees include budget, long range planning, and membership. According to the 1987 Policies & Procedures in Association Management, 35% of the associations surveyed have between 5 and 9 standing committees.

Ad hoc committees, often called task forces, have a limited lifespan. They are formed to address a particular need or issue. Once their goal is completed they are disbanded. Ad hoc committees are formed around a variety of issues including specific government affairs issues and new programs and services.

Staff

The chief staff executive is engaged by, and reports to, the board of directors through the chief elected officer. The chief staff executive receives primary direction from the chief elected officer acting as spokesman for the board of directors and the association. The chief executive is responsible for implementing the policies and programs of the association and the daily operation of the association, including hiring and staff administration.

Staffing Options for Associations

At what point in its development should an association have professional staff management? Should it choose a salaried association executive or an association management company? The answer depends on the specific needs and goals of the association.

There are several questions that must be considered before hiring professional staff.

- Is there enough management expertise among the membership to manage an association?
- Is the membership willing to volunteer its time?
- What current activities and services is the association engaged in?
- What future activities and services do they expect to offer members?
- Are the members willing to make the financial commitment to professional staff?

Both forms of professional management offer logical alternatives to volunteer management, but each association should base its decision on a careful examination of the options and a cost analysis of each.

Many associations are run entirely by volunteers, and there are several advantages. Because the association is run completely by volunteers, member interest, support, and pride are increased. Volunteers are acutely aware of member needs. This awareness allows the association to design products and services that the members are interested in. Furthermore, volunteer expertise is another benefit which can be effectively utilized within the organization. Finally, the operational costs are very low.

Although the contributions made by volunteers to the association community are great, there are nevertheless limitations in depending entirely on volunteers. Many volunteers lack the specific skills needed by an association to achieve its goals. An association of engineers, for example, may not have a member with the expertise necessary to manage a group insurance program or plan a convention. If these programs demand a limited amount of time and attention, the association could hire a consultant. On the other hand, if they require greater time and attention a consultant probably would not be sufficient.

A second limitation of volunteer-run associations is a lack of accountability. Effective management depends on accountability. Although peer pressure and motivation may help build a spirit of responsibility among a volunteer group, it may not be sufficient. An employment contract and an annual performance evaluation of a salaried association executive can help increase responsibility.

At some point in an association's development, hiring professional staff becomes a viable option. The goals and objectives of the association should factor into the decision between an association management company and an association executive.

A salaried and exclusive association executive has the sole responsibility of managing the association. The executive director is responsible for handling all aspects of the association, including planning the convention, producing any periodicals, and developing membership. Full-time managers and support staff are hired as the association grows. Physical resources, such as office space, equipment and supplies are either purchased or leased by the association.

Association management companies are for-profit companies who manage associations. Usually, association management companies assign an account manager to serve the association. Association management companies also employ staff specialists to manage the specific activities for a number of associations. A staff specialist would be responsible for planning the convention, another for producing any periodicals, and still another for developing membership. This specialist would perform the same function for a number of associations simultaneously.

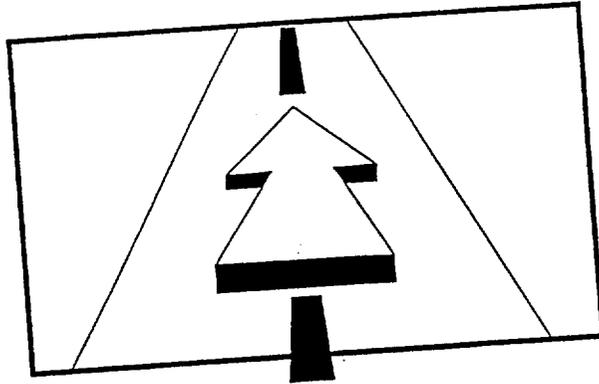
Typically, an association spends 35-45% of its total income on staff salaries, taxes, benefits, and occupancy expenses, regardless of whether the association hires a management company or a salaried executive. If the association's total annual income is \$300,000, it can expect to spend \$120,000 on the average for staff and occupancy. According to ASAE's 1990 Association Executive Compensation Study, the total compensation package for the chief paid executive of an association with a budget of \$300,000 or less is \$46,576. This allows nearly \$75,000 for occupancy.

Professional association executives should be able to help an association evaluate its own potential and make appropriate staffing decisions. Background information and assistance are available from the American Society of Association Executives (ASAE) and the Institute of Association Management Companies (IAMC).

IAMC is the trade association of association management companies and has resources available on how associations select and evaluate their management. This information can be invaluable in helping associations determine which forms of management best fit their goals and objectives.

ASAE
1575 Eye Street, NW
Washington, DC 20005-1168
(202) 626-2723

IAMC
104 Wilmot Road
Deerfield, IL 60015-5195
(708) 940-7218



SECTION IV.

**Volunteers are Your Chapter's
Most Important Resource**

In this Section, You Will Find Information On ...

- ▲ The importance of volunteers in accomplishing your chapter's goals
- ▲ The role of your Board of Directors
- ▲ The types of committees your chapter needs and how to write a committee job description
- ▲ How to select committee chairs and what their major tasks are
- ▲ How to get more members to serve on committees
- ▲ The importance of recognizing your volunteers

Samples

- ▲ Committee Job Descriptions courtesy of the San Diego Chapter of CAI

Additional Recommended CAI Resource

- ▲ Chapter-In-A-Box module, "Committees: Vital Links to Chapter's Success"

In the previous two sections of this manual we discussed the roles and responsibilities of your chapter in serving CAI members in your area and the planning process necessary in delineating and delivering on these services and activities. Although successfully serving your chapter's members is one of your biggest challenges — you are not alone in this huge undertaking.

Many members of your chapter have indicated a willingness to volunteer their time and energies toward the accomplishment of your chapter's goals — including members of your Board of Directors, committee chairs and those serving on committees. One of your most important responsibilities is to use your volunteers effectively, add to the core of active volunteers and recognize them throughout the year for their efforts.

Your Board of Directors already is in place, but your President will need to appoint committee chairs and committee members to work on the committees that will be charged with accomplishing the goals established during your Annual Business Planning session. Each of these key groups of volunteers have specific roles. Their enthusiastic support is essential to the success of your presidency.

Depending upon the size of your chapter, you may have only 4-5 committees. To support their activities and to ensure their success, you must develop a clear set of expectations and guidelines for the operation of the committees. Clearly define committee roles, responsibilities and authorities so your volunteers can assume their responsibilities and achieve their goals.

Board of Directors

Individuals who serve as Directors on your chapter's Board have made a commitment to oversee and provide direction to your chapter's operations. As Directors, they have a fiduciary responsibility. This means that they can be held legally liable for not looking out for the best interests of the chapter and for not living up to the trust that has been placed in them. Section 7 provides information on Directors and Officers (D&O) Liability Insurance — which protects them from personal liability in cases not involving intentional wrongdoing. D&O Liability covers your Board members when the board's negligence results in mismanagement of common funds or policies.

Your **Board of Directors** is responsible for actively pursuing the purposes and objectives of both the national organization and your chapter — for ensuring that your chapter's activities comply with CAI's policies and procedures. Some of your board's specific responsibilities include:

- ▲ Supervision, control and direction of the activities and property of the chapter;
- ▲ Establishment of policies, rules and regulations
- ▲ Oversight of the committees that develop programs and carry out many of the chapters activities and goals
- ▲ Approval of budgets and authorization of expenditures
- ▲ Ensuring that the chapter's activities reflect the needs of the members.

Depending on the number of volunteers active in your chapter, you may have a policy that all committee chairs must be Directors, or that they *may not be* Directors. Most of your committee chairs probably should *not* be Directors, leaving more opportunity for the development of new leaders. It also frees the Directors for special projects and tasks as assigned. However, if committee chairs are *not* Directors, they should be invited to your Board meetings to report on their committees' activities as often as necessary. Many chapters make committee chairs ex-officio Board members.

The Role of Committees

As discussed previously, committees are one of your most valuable resources in achieving your chapter's goals. All committees work under the authority of the Board of Directors, which approves all committee programs, budgets, and expenditures. Use the committee structure as a means for broadening members' involvement in your chapter and for sharing the work.

Regarding administrative and operational committees, most chapters have Executive Committees, and all chapters have Nominating Committees. Some also have Budget and Finance Committees. Most chapters set up Bylaws Committees on an "as needed" basis.

The number and types of other committees vary from chapter to chapter, usually depending upon the size of the chapter and the scope of its activities. Basically, your chapter should have a committee for all of your major activities, such as:

- ▲ Membership Development
- ▲ Communications/Newsletter
- ▲ Programs
- ▲ CA Day/Trade Show

If your chapter is medium size (125-249), or large (250-499), you also may have the following committees:

- | | |
|--------------------------------------|------------------------|
| ▲ Legislative Action Committee (LAC) | ▲ Social/Golf Outing |
| ▲ Education | ▲ Sponsorship |
| ▲ Public Relations/Marketing | ▲ Membership Directory |

If your chapter is large or very large (500+), you also may have committees such as these:

- | | |
|--|--|
| ▲ Awards | ▲ Membership Development (split into three committees) |
| ▲ Managers | ▲ Recruitment |
| ▲ Homeowners | ▲ Retention |
| ▲ High-Rise | ▲ Ambassadors |
| ▲ Other Specialized Interest Groups, such as Attorneys, etc. | ▲ Past Presidents |

The object is not to have as many committees as possible, but as many as are needed to evenly spread the work among volunteers — making their goals challenging, yet achievable. Every committee should have its own job description or committee charge, which clearly defines its roles, authority and responsibility.

Job Description Criteria

1. Specific goals in which the committee chair (and committee, where possible) has had input.
2. Time commitment involved, including duration of term and the estimated amount of time required to accomplish their tasks (i.e. two hours per month for membership or five hours per month for six months for CA Day/Trade Show)
3. Scope of their jurisdiction (i.e. what needs Board approval, what does not.)
4. Any accountability for revenue generation or expense management; if committee members have budget responsibility, it should be specific.
5. Their role in developing budget goals and providing input into the budget process. (Input increases accountability and commitment)

Once the chapter leadership has determined the number and type of committees and developed job descriptions or committee charges, you are ready to recruit your committee chairs. A couple of samples of committee job descriptions, courtesy of the San Diego Chapter of CAI, have been included at the end of this chapter.

Selection and Roles of Committee Chairs

Your committee chairs are a key part of your leadership team, since most of the your chapter's goals will be carried out by committees. While it is always recommendable to look for individuals that can be relied on, don't forget to consider newly involved chapter members who display a great deal of enthusiasm and who have successfully taken on responsibility. This is an opportunity for future leaders to be identified. The following qualities are very important for a committee chair:

- ▲ **Leadership.** Can this person delegate workloads, give positive direction, and set reasonable goals and objectives for the committee?
- ▲ **Enthusiasm.** Does this person have the ability to motivate and generate enthusiasm in others for their committee's goals?
- ▲ **Coach/Trainer.** Can this person provide support and training for committee members?
- ▲ **Content Expertise.** Does this person have experience or knowledge in the topic area of this committee?
- ▲ **Respect of Peers.** Is this person recognized as a leader, either professionally or as a volunteer? Will others willingly follow him/her?

It is imperative that the President personally ask these individuals to serve as committee chairs. Even if the President does not know them well, it is important to take the time to meet them and to establish a personal rapport. Asking them to take on committee responsibilities is asking a great deal, therefore an investment of time and the establishment of a good working relationship and expectations at the offset is invaluable. Additionally, it is important to know what motivates them — what are they looking for in return? It may be recognition, more visibility, a seat on your Board of Directors. And when they deliver on their goals — the President needs to thank them in a way that is *meaningful to them*.

What is it that they are specifically being asked to do as committee chairs? Essentially, to direct the members and coordinate the activities of the committee to ensure that it meets its goals and objectives. This includes the following tasks:

Committee Chair Job Description

1. Assists in developing the committee's goals.
2. Helps in recruitment of members to serve on the committee.
3. Orients the committee members about their expected individual contributions and responsibilities.
4. Provides necessary background information and/or training to committee members.
5. Prepares meeting agendas and distributes relevant information to all members prior to meetings.
6. Leads committee meetings and delegates work of the committee to committee members.
7. Prepares committee status report for all board meetings and gives verbal reports when appropriate.
8. Follows up between meetings with committee members on commitments/work assignments from the committee meeting to support their follow-through.
9. Assists the Board in identifying potential leaders among the committee members.
10. Encourages active participation by committee members in other chapter activities.

CAI's Chapter-In-A-Box module on organizing your committees includes an orientation program for committee chairs. Intended to be led by the chapter President, it includes a more detailed background information on committees than is included here. It also incorporates talking points and participant handouts for the Committee Chair Orientation. Hopefully, you will find that it is just what you need to line up these key players for a successful year.

Recruitment of Committee Members

Committee members are the worker bees of your chapter — they get the job done. The more members involved on committees, the more you can accomplish during your leadership term. Therefore, recruiting people to serve on committees should be one of the primary tasks of your President-Elect.

How can you get people to agree to serve on committees? Ask them! Do you know how much trouble you have saying no? (How did you get to be Board member anyway?!) Seriously....ask those who served last year....put an advertisement or article in your chapter newsletter to ask for volunteers....make announcements at programs that you are looking for volunteers for committees.....put sign-up sheets at each seat for two to three months....ask new members at new member orientations and/or include a sign-up sheet in their new member packets. Get creative, Ask everyone you come into contact with, and have your committee chairs do the same! What qualities are you looking for in committee members?

- ▲ **Desire to Participate.** Someone who is willing to give their time and energy to your chapter's goals.
- ▲ **Interest/Knowledge in Topic.** Let people self-select their committees (unless someone

has a specific talent you want to use on a particular committee).

- ▲ **Diversity of Perspective.** You want to have a variety of different member types and viewpoints on most committees. You need some continuity, people who remain on the committee for more than one year, and fresh blood.
- ▲ **Positive Attitude.** People who are open to new ideas or have a positive contribution to make. (Sometimes even the most “reliable” volunteers need to be recycled to a new committee to make the experience fun and challenging for them.) Because leads for committee members may come from a variety of people and methods, you may need to communicate with them by letter about their committee participation. (A personal phone call is better, but if you’ve been successful in generating numbers, you may need to do this by *personalized* letter.) Along with the letter, they need to receive a copy of the committee job description or charge, what their specific time commitment will be (or an invitation to a committee orientation), any necessary background information, and the name of their committee chair. The committee chair should call and welcome each committee member *personally*, invite them to the first meeting and answer any questions they may have.

Recognizing Your Volunteers

Once you’ve got your committee chairs and members lined up, the key to making it work is ongoing recognition of their efforts. This can be accomplished in a number of ways...through short handwritten notes (from your President) for a job well done....including a photograph of them related to their project or activity in your newsletter.....public recognition and thanks at a meeting....certificates and plaques.....asking them to chair a committee or sit on the Board of Directors next year. Remember, the reward or recognition must be appropriate to their contribution and of value to them. Committee chairs, in general, deserve more attention than workers — but recognizing outstanding workers this year may provide next year’s committee chairs and the next year’s leaders.

ADMINISTRATIVE RESOLUTION - PUBLIC RELATIONS COMMITTEE [PRC]
COMMUNITY ASSOCIATIONS INSTITUTE-SAN DIEGO CHAPTER [CAI-SD]
Revised & Adopted:

WHEREAS, the CAI-SD Bylaws, Article VI, reference the Board of Directors and its authority; and
WHEREAS, the Public Relations Committee [PRC] is a recognized Standing Committee whose purpose is to promote the image, membership and educational programs of the Chapter and Institute through the various news media and to encourage members in the submission of articles for publication; and
WHEREAS, the Committee is advisory in nature with no executive authority, and is to assist in the effectiveness of CAI-SD goals for public relations;
NOW, THEREFORE, BE IT RESOLVED, that the following shall be the procedures to be followed by this Committee:

A. ORGANIZATION

1. The PRC members shall be CAI members through CAI-SD. Committee members shall serve for a one [1] year term, shall be appointed by the President and ratified by the Board approximately 30 days in advance of the Annual Meeting, shall serve at the will of the Board, and may be removed by the President or the Board at any time with or without cause. The President shall appoint and the Board shall ratify additional PRC member[s] to fill an unexpired term or to increase effectiveness of the Committee. Irrespective of date of appointment, all committee chairs and memberships are automatically vacated at the time of election of Board Members at the Annual Meeting or a Special meeting of the members.
2. The ARC Chair shall carry out his/her responsibilities to the Board through the First Vice President. One or more Directors shall be appointed by the President to serve in an ex officio capacity as a liaison with the PRC.
3. The Chair or Vice-Chair of the PRC shall serve on the Education Services Committee.

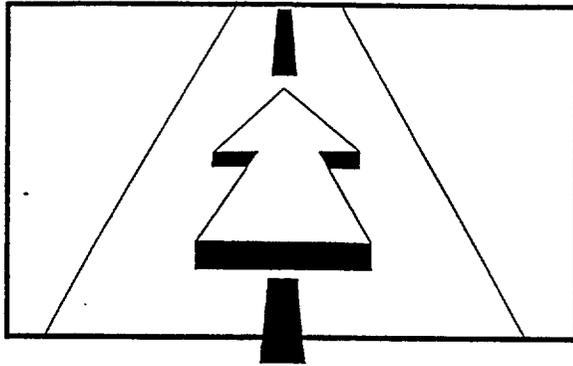
B. RESPONSIBILITIES

1. Submit for Board approval and perform PRC functions in accordance with the annually established Chapter goals.
2. Submit for Board approval and implement a publicity program through local media to enhance member and non-member recognition of CAI-SD and available services.
3. Maintain a current file of local audio, video and print media contacts, addresses, pricing structure for paid advertisements, policies for public service spots and related deadlines for submissions.
4. Expedite public relations efforts in conjunction with the Educations Services and Publication Committees to all media to meet established publication deadlines.
5. Facilitate public relations efforts in conjunction with the Membership Committee to increase membership and raise the retention of current members.

6. Support the manning of CAI-SD booths at all trade shows.
7. Promote the Board approved efforts of the Legislative Action Committee, including the California Legislative Action Committee.
8. Recommend for Board approval the implementation of a writers and/or speakers bureau of CAI-SD leaders. Implement and monitor the performance of this bureau. This group should be composed of currently active CAI-SD members. Oversight of this function, once approved, shall be through the Executive Committee.
9. Perform PRC responsibilities within the Board approved annual fiscal budget. Identified goals and related financial needs outside the budgeted limits of the committee require Board approval prior to implementation.
10. Submit a recommended PRC budget to the Finance Committee annually in March and April. Strategies and implementation methods to meet the PRC financial requirements shall accompany the budget recommendation.
11. Perform other duties as assigned by the President or Board.

C. MEETINGS, NOTICE AND REPORTS

1. The PRC shall meet monthly or as often as deemed necessary to properly carry out its charter.
2. Written notice of each meeting shall be provided to each PRC and ex-officio members by the Chair at least seven [7] days in advance detailing the time and place of the meeting and the subject matter to be discussed.
3. Original written Committee meeting minutes and all work products shall be maintained in the Chapter office.
4. The PRC Chair shall provide a written report of PRC activities and include items for the agenda to the President no less than seven [7] days prior to each regular Board meeting. In addition, the Chair may personally appear at the Board meeting to report on PRC activities.
5. The PRC Chair, or his/her appointed representative, shall make a report of PRC activities to the Members in person or by formal written report at each Annual Meeting of the Members.



SECTION V.

Your Chapter Executive Director as Coordinator and Catalyst

In This Section, You Will Find Information On....

- ▲ Hiring your first chapter staff person
- ▲ Determining whether your staff qualifies as an independent contractor or employee
- ▲ Roles and expectations for part-time vs. full-time staff
- ▲ Establishing a solid working relationship with your chapter staff
- ▲ Reporting and working relationships between volunteers and staff
- ▲ Your CED's role in coordinating and communicating with national
- ▲ Goal setting as part of the ongoing evaluation of your chapter staff
- ▲ Staff compensation and training
- ▲ When to consider increasing your part-time employee to full-time

Samples

- ▲ Sample Chapter Employee Contract
- ▲ IRS Guidelines for Determination of Employee vs. Independent Contractor Status
- ▲ Tasks and Responsibilities: Part-Time vs. Full-Time Chapter Staff
- ▲ Sample Chapter Staff Performance Evaluation

BEST AVAILABLE COPY

The majority of CAI chapters, especially those above 125 in size, have either part-time or full staff — usually called Chapter Executive Directors (CEDs). For those who don't yet have staff, this chapter will provide some information on considerations prior to hiring chapter staff. This chapter will review basic employment issues that all chapters should be aware of and may need to take action on.

What you can expect from a full-time vs. a part-time CED is significantly different, and the roles of CEDs vary from chapter to chapter depending upon the strengths of each chapter's active members. However, just as you would with employees in your business, it is important to go through a process of goal setting and periodic evaluation of your staff's progress and contributions.

Hiring Your First Chapter Staff Person

(If you already have a chapter staff person and are pleased with how things are going, you can skip this section and go on to the following section on "Considerations for Chapters With Staff")

As your chapter grows, your chapter will want to provide more services for your members and will benefit from paid assistance to perform some functions previously assumed by your members. Some reasonable guidelines in determining the feasibility of hiring staff are to evaluate your chapter's growth and development in terms of:

- ▲ Do you have at least 100-150 members?
- ▲ Do you have a strong volunteer base and effective committee structure?
- ▲ What can you afford to pay and are there adequate financial resources to sustain that salary commitment to a part-time or full-time staff person?
- ▲ Should you hire a staff person directly or should you contract with a management firm?

Before hiring a staff person, you need to be certain that the volunteer and financial foundations of your chapter are strong and viable. The role of the chapter staff member is to assist your chapter in delivering its services to members as they are directed by your chapter's Board of Directors and implemented by your committees. It is important to recognize that this position supports, but does not supplant, the volunteer base that is vital to the health of your chapter.

Considerations for Chapters With Staff

Assuming that your chapter already has at least one staff person or is about to hire one, there are a number of issues which you must consider to get the most out of your investment and to protect your chapter from a legal/tax perspective. These considerations are:

- ▲ If your staff person is an independent contractor, do they still qualify as such under more stringent IRS definitions of employee vs. independent contractor?
- ▲ Is there a job description for this position? What are reasonable expectations/roles for full-time vs. part-time staff?
- ▲ Do you have an employment contract with this individual? (A sample contract can be found at the end of this section.)
- ▲ Do your leaders and volunteers understand their relationship to the staff person and visa-versa?

- ▲ Does your CED understand their vital role in coordinating and communicating with national?
- ▲ Do you have a process established for agreeing upon annual goals and periodic evaluation?
- ▲ What type of compensation and training do you offer your staff person?
- ▲ At what point are most chapters able to increase their part-time staff to full-time?

Independent Contractor vs. Chapter Employee

A chapter can employ a staff person either directly as an employee or as an independent contractor. If your chapter has an employee, it is subject to all local, state and federal employment and unemployment taxes. Chapters that are managed by either an independent contractor or a management firm (non-corporate) must file a Form 1099-MISC for payments of at least \$600 per year.

However, the IRS has become much stricter in allowing individuals to qualify as an independent contractor. Generally, for employment tax purposes, it comes down to these key issues:

- ▲ The degree of autonomy that the person doing your work has — are they self-directed, do you set their hours or do they, do you pay for training, and where do they work?
- ▲ Do they render the services personally or can they delegate tasks to individuals not under contract to the chapter?
- ▲ Do you require their services full-time or may they be hired by other organizations or firms?
- ▲ Is payment by the project or by a time period (i.e. hourly, weekly or annually)?
- ▲ Do you provide the equipment, tools and materials they need to work?
- ▲ Who is liable for compensation if the employment contract is severed?

If you think you need more information on this subject, refer to the list in the back of this section of the 20 factors which the IRS has identified as guidelines to determine whether sufficient control is present to establish an employer-employee relationship.

Roles of Part-Time vs. Full-Time Chapter Staff

As mentioned earlier, the role of chapter staff varies from chapter to chapter depending upon the strengths and involvement of the chapter's volunteers. If your volunteers are excellent at organizing and putting on programs — staff may stay out of this area and focus on selling tables or booths for your CA Day, whereas in other chapters, members may perform this function effectively and nobody is interested in writing the newsletter.

A list of tasks for part-time and full-time staff has been developed based upon extensive interaction with CEDs from chapters of all sizes and is provided in the back of this section. However, you will note that even for chapters with full-time CEDs, the CED can not do everything. Although they may be responsible for ongoing communication, customer service/phones and basic administrative tasks, most can only serve as a coordinator and catalyst for major chapter activities — they can't do it all.

As your active volunteers change from year to year, you may need to redesign the role of your staff person to best complement the volunteers' skills and interests. Also, as you add new goals and projects, you may need to re-prioritize existing activities and perhaps eliminate ones that have little or no current

value. Reviewing your staff's job description prior to the beginning of your term when volunteers have been newly appointed would be a good way to get this process off the ground.

Relationship Between Volunteers and Staff

Generally, most CEDs sit in an ex officio capacity on chapter Boards. As such, they participate in Board meetings in a non-voting position. Unless specifically precluded by chapter bylaws or by subject matter discussion, i.e., their job performance or employment, many CEDs are included in executive sessions of the Board. As a vital member of your leadership team, it is important that your CED be informed and have input into the operation and management of your chapter.

Your contract with your CED should clearly define the lines of authority between your CED and the Board. Generally, a CED is hired, evaluated and fired through Executive Committee or Board action. In most cases the CED reports directly to the President. However, this does not negate his/her responsibility to the entire Board; it simply defines a point of primary contact.

With so many eager volunteers, the lines of authority sometimes get crossed if everyone does not understand the ground rules. Volunteers sometimes feel that, as members, they should be able to have the CED do as they want him/her to do and there may be much competition for your staff's time. It is up to you as a chapter leader to work with your staff when needed to establish priorities and make certain that everyone involved is clear about them. There will probably be a period of adjustment with each new set of committee chairs and leaders each year.

With your support, a competent staff person should learn to balance these demands without demotivating any volunteers or taking on too many projects to perform any of them successfully. If your chapter has job descriptions for committees, they may help to further clarify who is responsible for what.

Role in Coordinating and Communicating with National

As stated in the first section of this manual, CAI national and its chapters are partners in serving our members. In order for this partnership to be most effective, there must be a strong and frequent flow of communication between your chapter and national. In addition to the important contacts which you maintain with national on behalf of your chapter, your chapter staff person provides a vital communication link to national's staff.

Your CED is CAI national's primary contact in communicating with your chapter and receive mailings at least weekly from the national organization. It is imperative that they pass along the information he/she is sent to the appropriate people at your chapter and especially that they keep you, as a chapter leader, well informed.

Likewise, your staff person has a valuable role in communicating directly with national — in addition to your direct contacts. Although no longer required as part of the recertification process, CAI national would still like to receive copies of your chapter minutes and newsletters on a regular, timely basis to keep up with what is going on in your chapter.

Your CED is also an important link in communicating and promoting CAI national's services and programs to your members. For example, giving visibility to PCAM's, encouraging members to become Frequent Recruiters, and showcasing new publications in your chapter newsletters helps to increase the value of membership to our members and enhances retention. Chapters also benefit through better attendance at educational programs by PCAM candidates, more new members and income generated from the sale of CAI publications.

Your CED is crucial in making the national/chapter partnership one that benefits all parties involved — your chapter, national, and most importantly, our members!

Goal Setting and Evaluations

One of the most important things you can do to get your relationship with your staff person off to a good start is to set up a meeting to develop their goals for the year. Once you have agreed upon what is expected, evaluating their performance is much easier. Whenever possible, goals should be quantifiable and have specific target dates. Reviewing these periodically will allow you to give feedback on progress and to re-negotiate the goals in light of new priorities or projects if needed prior to their annual evaluation — giving them a chance to re-focus if necessary.

Evaluations and salary reviews should be held at least annually, and if possible, after six months for a new employee. A sample Evaluation Form is included in the back of this section. You will note that it is used as part of a process in which both the supervisor and the employee complete the same form and then share their feedback together. The more specific your staff person's goals, the smoother this process will go.

Staff Compensation and Training

CAI chapters offer a wide range of pay and contract fees to their CEDs. The amount is dependent upon the job description, full-or-part-time status, competitive salaries in their area and employee vs. independent contractor classification.

Many chapters offer their CED the opportunity to earn commissions to supplement their salaries or fees. Newsletter and directory advertising and trade show booth sales are some of the most common areas in which this is done. However, because membership is an area where members are most effective, it is recommended that any incentives in membership be on net growth —reflecting the CED's overall support of membership.

Training. Regardless of your CED's status, your chapter should be prepared to incur the expense of sending him/her to all regional meetings and, at the minimum, to the CAI Fall Conference. Larger chapters should also consider supporting membership in and/or educational programs through a professional association such as the American Society of Association Executives. Your chapter will reap benefits from the learning and networking that take place at these functions, which will far outweigh the expense incurred.

Increasing Your Part-Time Staff to Full-Time

Judging from the current employment patterns of chapters, it appears that a part-time CED is able to adequately satisfy chapter needs (or is all a chapter can afford) until the chapter size reaches somewhere around 250 to 300 members. Most chapters from this point up to 500 in size have one full-time CED, while chapters above 500 may have several staff members.

You may find the comparisons of tasks and job responsibilities at the back of this section to be helpful in providing direction to your staff person. In any case, the more active the volunteers are in implementing activities — the more the chapter can accomplish with its staff, part-time or full-time.

SAMPLE EMPLOYEE CONTRACT
(COMMUNITY ASSOCIATION INSTITUTE - CHAPTER NAME)

This compilation of several CED contracts is intended to serve as a starting point in drafting your contract, not as legal advice. Please contact an attorney in your state.

Agreement, Made this ___ Day of (Month)_____, 19___, by and between the (Name of Chapter of the COMMUNITY ASSOCIATIONS INSTITUTE) and (name and title of employee).

Term of Employment

Employment shall commence on (date), and continue until either party to the Agreement notifies the other in writing of intention to terminate employment pursuant to paragraph ____.

Working Facilities

Executive Director shall be furnished with an appropriate work area and other facilities and services at (location), including office space, chapter telephone, phone answering device, computer hardware and software, and office furniture with supplies as needed for Chapter use.

Duties and Performance

As outlined in Executive Director Job Description sheets.

Hours

Executive Director shall devote a minimum of ___ hours per month to the duties under this agreement. He/she may contribute any additional time. Employee shall be free to represent or perform services for any other clients provided such representation or performance does not interfere with the duties under this Agreement.

Compensation

Executive Director shall receive a minimum of \$_____ per month. In addition, employee shall receive ___% of all net profit fees exceeding budget received by Chapter for (you specify, i.e. seminars, workshops, programs, directory and newsletters sponsored by Chapter.)

Business Expense

Chapter shall reimburse Executive Director for all business expenses incurred in connection with Chapter business, so long as projects are approved in advance by the Board of Directors or President. Approved travel will be reimbursed at the rate of \$.275 per mile or IRS approved rate. Chapter shall pay all expenses incurred by Executive Director for attending CAI National Conferences.

Annual/Sick Leave

Executive Director shall be entitled to Annual and Sick Leave paid by the Chapter in accordance with established practice.

Termination or Dismissal

Executive Director may terminate his/her employment by submitting written notice to the Board of Directors, specifying a termination date, which shall be sixty (60) days after the date of the submission of Notice. During this sixty (60) day period, Executive Director shall continue to receive salary and benefits, but shall continue in the position only to the extent he/she is requested to do so by the Chapter.

Termination for Cause

The Chapter reserves the right to terminate its obligation to Executive Director in the event of such acts of dishonesty, fraud, insubordination, misrepresentation or acts of moral turpitude as would prevent the effective performance by employee of his/her duties or would adversely reflect on the reputation of the Chapter.

Assignment

This Agreement shall inure to the benefit of and be binding upon the respecting successors and assigns of Chapter and Executive Director.

Governing Law

This Agreement shall be governed by and in accordance with the laws of the State of _____.

IN WITNESS WHEREOF, the Association has caused this Agreement to be duly executed and its seal to be affixed on its behalf by its properly authorized officers, and the Employee has hereunto set his/her hand and affixed his/her seal as of the day and year first above written.

EXECUTED this _____ day of _____, 19_____.

Executive Director

By: _____
President

TASKS AND RESPONSIBILITIES: PART-TIME AND FULL-TIME CHAPTER STAFF

Below are the basic job assignments that your Board should be looking for a chapter staff to fulfill, whether they are part-time or full-time. What you have to keep in mind is that a part-time staff person working less than 20 hours per week will be able to assume some of these responsibilities but not all.

Administrative

1. Respond to routine calls and correspondence.
2. Establish and maintain files.
3. Maintain supplies.
4. Assist in preparation of recertification submittal.
5. Maintain and distribute Board and committee rosters.
6. Maintain current chapter roster.
7. Compile and update calendar of events.

Membership

1. Answer membership inquiries; refer to recruitment committee for follow-up.
2. Maintain and distribute membership promotional material to membership committees.
3. Send new member welcome packets.
4. Maintain prospect list according to input from recruitment committee.

Financial

1. Verify monthly dues report and deposit check, if not on direct deposit.
2. Provide needed information for preparation of financial statements and tax returns.
3. Assist in preparation and distribution of budget.

(Distribution of contracted hours will determine how many of these other financial items listed below your CED should be expected to handle.)

4. Collect and deposit all chapter receivables.
5. Maintain accounts payable files.
6. Prepare checks and forward to appropriate officer(s) for signature.
7. Prepare and mail invoices for all accounts receivable; deposit payments.

Board Support

1. Attend all Board meetings.
2. Coordinate date, time, notices.
3. Prepare agenda and distribute.
4. Collect and distribute committee reports prepared by chairs.

5. Prepare CED report.
6. Distribute minutes that have been prepared by Secretary.
7. Prepare and mail notices for all membership meetings. Make all arrangements.
8. Assist election committee as able.

Committee Support

1. Provide committees with needed information and materials.

Programs

1. Coordinate receipt of all reservations and forward to program committee.
2. Attend programs, as able, to assist.
3. Coordinate program calendar.
4. Assist as needed in coordinating national educational programs.

Newsletter

1. Assist newsletter committee as able.

Special Fund Raising Events

1. Assist all committees as able.

Membership Directory

1. Provide directory committee with updated membership roster.
2. Assist directory committee as able

Additionally, full-time chapter staff may add to their job assignments the following types of activities:

Administrative

1. Maintain official chapter office.
2. Prepare recertification submittal.

Membership

1. Coordinate recruitment and retention activities with chairs. Provide needed materials and data.

Committee Support

1. Attend committee meetings as need arises.
2. Assist committee chairs as needed.

Programs

1. Assist program committee in securing program site, food arrangements, speaker confirmations, mailing flyers, taking reservations, preparing name tags.
2. Attend all programs, sign in participants, if necessary and act as on-site coordinator.
3. Assist program committee in preparing program report for Board.
4. Work with national office as on-site coordinator for all national educational programs.
5. Work with public relations committee to prepare and mail press releases of all programs.
6. Compile and reproduce all materials and handouts for programs.
7. Work with sponsorship committee to obtain sponsors for all programs.
8. Serve as coordinator between chapter and appropriate body to have programs accepted for credit for continued professional accreditation.

Newsletter

1. Assist in collection of articles.
2. Collect all advertising fees and copy.
3. Coordinate printing and proofing of newsletter.
4. Coordinate distribution of newsletter.
5. Write CED column.
6. Provide copy of other CAI newsletters for informational purposes.

Special Fund Raising Events

1. Service as primary coordinator of all committee work for event.
 - A. Location
 - B. Advertising
 - C. Food
 - D. Sponsors
 - E. Booths
 - F. Speakers

Membership Directory

1. Assist directory committee in verifying membership information.
2. Coordinate production and distribution of directory.
3. Assist advertising and sponsorship committee.

SAMPLE CHAPTER STAFF PERFORMANCE EVALUATION

Name _____ Date _____

Chapter _____ Date of Last Review _____

This form serves as a permanent record of your performance while serving as Chapter Executive Director. It is intended to be used as a yearly form of performance evaluation.

Both you and the Executive Committee will complete a performance evaluation form and a personal conference will be scheduled between you and the President. During the conference, both your self-evaluation and that of the Executive Committee will be reviewed and discussed. The goal is to identify areas of peak performance as well as those which need strengthening. You may append a statement to the Executive Committee's evaluation, if you wish. Both the original of your self-evaluation and that of the Executive Committee will be retained by the chapter.

Please circle the appropriate rating. Explanatory comments are required for each rating and should provide specific documentation to support the rating. A plus (+) or minus (-) symbol may be used in conjunction with the rating scale to indicate a variation or emphasis that is between two ratings.

Description of Rating Scales for Performance Evaluation

- Outstanding:** Work performance is distinguished and clearly obvious. Results consistently exceed goals and objectives for the position. Reserved for exemplary performance.
- Excellent:** Work performance is commendable and highly effective. Performance is noticeably better than competent.
- Good:** Work performance is consistently satisfactory. Position responsibilities are effectively fulfilled.
- Fair:** Work performance is handled reasonably well, but there are areas where improvement is needed.
- Unsatisfactory:** Work performance does not meet acceptable standards.

QUALITY OF WORK. The ability to produce results of high quality. Activities/functions are error free and reflect high standard for member service.

OUTSTANDING _____ **EXCELLENT** _____ **GOOD** _____ **FAIR** _____ **UNSATISFACTORY** _____

COMMENTS:

PRODUCTIVITY/QUANTITY: Within the limitations of contracted hours, the ability to produce high volume acceptable work in a prompt manner.

OUTSTANDING _____ **EXCELLENT** _____ **GOOD** _____ **FAIR** _____ **UNSATISFACTORY** _____

COMMENTS:

PLANNING AND ORGANIZATION: Anticipates workload and schedules tasks for efficient accomplishment of individual and group objectives. Coordinates with others as necessary.

OUTSTANDING _____ **EXCELLENT** _____ **GOOD** _____ **FAIR** _____ **UNSATISFACTORY** _____

COMMENTS:

RELIABILITY AND DEPENDABILITY: Consistently accepts commitments and meets deadlines. Willing to "go the extra mile" when necessary.

OUTSTANDING _____ **EXCELLENT** _____ **GOOD** _____ **FAIR** _____ **UNSATISFACTORY** _____

COMMENTS:

INITIATIVE: Recognizes situations which can be improved and ways in which we can serve our members better. Brings to Executive Committee's attention for consideration. Serves as a resource to the Executive Committee.

OUTSTANDING _____ **EXCELLENT** _____ **GOOD** _____ **FAIR** _____ **UNSATISFACTORY** _____

COMMENTS:

WORK HABITS: Conscientious and responsible in meeting job description. Exemplifies professionalism.

OUTSTANDING _____ **EXCELLENT** _____ **GOOD** _____ **FAIR** _____ **UNSATISFACTORY** _____

COMMENTS:

INTERPERSONAL RELATIONSHIPS: Achieves effective relationships with other chapter and/or national staff members and volunteers as well as contacts outside chapter. Creates and maintains harmonious work relations and supports group goals.

OUTSTANDING _____ **EXCELLENT** _____ **GOOD** _____ **FAIR** _____ **UNSATISFACTORY** _____

COMMENTS:

Summary Review

STRENGTHS/AREAS OF IMPROVEMENT

Strengths

1. _____
2. _____
3. _____
4. _____
5. _____

Areas to Improve

1. _____
2. _____
3. _____
4. _____
5. _____

() This evaluation is complete on these _____ pages.

() Appended to and an integral part of this evaluation are the following:

President, Date

I have reviewed the above evaluation and discussed it with the chapter President. My signature below shall not be construed to mean either agreement or disagreement with the evaluation, but rather acknowledgment that the evaluation has been seen by me. I also understand that I have the right to append comments to the evaluation if I so desire.

CED's Signature, Date

While your chapter's articles of incorporation were drafted in general terms to permit maximum flexibility, your bylaws are the legal guidelines that specify the rules of operation for your chapter. As a chapter leader, you have a fiduciary responsibility to ensure that your chapter operates in accordance with your bylaws, which are your governing documents. Additionally, you are responsible for ensuring that your chapter's bylaws have been drafted and remain (if changes are made) in compliance with both the CAI Model Chapter Bylaws and your state laws.

What Are the Model Chapter Bylaws?

The Model Chapter Bylaws, which are based on the CAI National Bylaws, provide both a sample and parameters for your chapter to follow in drafting or amending your bylaws. A copy of the bylaws is available from the Membership and Chapter Relations Department.

Drafting or Making Changes to Your Bylaws

Certain sections of the Model Chapter Bylaws are marked as "Mandatory", "Flexible", or "Optional". What each of these mean to your chapter is that:

- ▲ **MANDATORY** sections must be included in your chapter bylaws without amendment.
Example – The definitions of "Community Association", "Homeowner", and "Areas of Specialization"
- ▲ **FLEXIBLE** sections must be included, but your chapter has flexibility in determining the approach that it wishes to take.
Example – Special Meetings. The chapter must provide for special meetings, but it may include language of its choosing.
- ▲ **OPTIONAL** sections may be included in your bylaws based on the chapter's preference.
Example – Voting By Proxy. Your chapter can decide whether or not it wants to permit voting by proxy, as long as the decision is consistent with state law.

What Are CAI's Membership Classes?

According to your bylaws, CAI members fall into one of four membership classes. Membership dues and benefits are based on these classes. Membership classes are defined according to the relationship that an individual has to the community association industry:

- ▲ **Homeowner Members.** Bona fide homeowners who do not earn their income providing services or selling products to community associations.
- ▲ **Affiliate Members.** Public officials and educators who are involved in activities related to community associations.
- ▲ **Professional Members.** These are the builder/developers, managers, attorneys, bankers, accountants, insurance agents, engineers, etc. who provide professional services to community associations.
- ▲ **Associate Members.** These are our vendor members who market products to community associations.

Q: If a member owns a home in a community association but is also a manager with a community associations management firm, can he/she be classified as a Homeowner Member?

A: No, this individual must belong to CAI as a Professional Member, since that is their relationship with the community association industry. As a Homeowner Member, this individual would not receive the professional literature that our Professional Members receive nor could they take advantage of the advertising and sponsorship opportunities offered to our Professional Members.

How Membership Classes Affect Your Chapter

Since membership fees are based on the various classes of membership, the amount of rebate your chapter receives for a member is dependent upon that member's type of membership. Therefore, if a Professional Member incorrectly purchases a Homeowner membership, not only does that individual miss out on the benefits of a Professional membership, but your chapter also loses a substantial amount of rebate on that membership.

Types of Membership Packages Offered by CAI and Key Benefits

CAI offers three membership packages for its members to choose from. Members select the one that best meets their personal or professional needs:

Basic Membership – For individuals, companies and associations

Gold Membership – For large companies and associations

Corporate Membership – For those who want to affiliate with more than one chapter

Both homeowner controlled associations and Gold members may have up to three representative listings. However, even though three representatives are listed, they represent only one membership. This membership is entitled to cast only one vote on all matters that require a vote by members.

Q: If a homeowners association is only permitted to cast one vote in a chapter election, who receives the information and the ballot?

A: The primary representative listed on any multi-representative membership receives all voting information for that membership.

Bylaws Implications for Your Board of Directors

Size of Your Board

According to the Model Chapter Bylaws, your chapter board can range in size from a low of five members to a high of 21 members and must be an odd number. Does your chapter have difficulty in filling Board seats or having enough Board members present at a meeting to carry on business? If the size of

your Board is inhibiting your chapter from meeting your goals, but there have always been 13 members on your Board, then maybe it's time to re-evaluate your Board size!

Board Nominations and Elections: Achieving Board Balance

Your chapter has the option of nominating an uncontested slate or conducting balloting for contested elections for your Board of Directors. A nominating committee must be designated so that

- ▲ at least one member is a Homeowner, and
- ▲ no more than two members are from the same area of specialization

Members of your nominating committee may not be chapter officers (unless your chapter wants the President-Elect to serve) or members running for election. The size of your nominating committee and the other representatives are up to your chapter.

The goal of the CAI Board of Trustees is that chapter boards reflect CAI's member diversity - without giving too much influence to one group. It has designated 12 areas of specialization that are used to assist in achieving board balance. What this means to your chapter is that there are distinct specifications for the composition of your Board in order to meet recertification requirements

The twelve areas of specialization are:

1. Homeowner
2. Manager
3. Attorney
4. CPA/Accountant
5. Insurance Agent/Risk Manager
6. Engineer/Reserve Study Specialist
7. Associate - Vendor
8. Builder/Developer
9. Mortgage Lender/Banker/Investment Advisor
10. Public Official
11. Educator
12. Other

Is Your Board Balanced?

Board of 5 members – One Homeowner and no more than one Director from any area of specialization

Board of 7, 9 or 11 members – At least one Homeowner and no more than two Directors from any area of specialization

Board of 13 members – At least two Homeowners and no more than two Directors from any area of specialization

Board of 15 or 17 members – At least two Homeowners and no more than three Directors from any area of specialization

Board of 19 or 21 members – At least three Homeowners and no more than three Directors from any area of specialization

How Long Can A Board Member Serve?

To guarantee continuity of leadership, the terms of office of one-third of your Board members expire each year. That means that your Directors serve a three-year term. None of your Board members can serve more than two consecutive, three-year terms. However, a person who has previously served as a Director and who has not served on the Board for at least one year can serve again. Under no circumstances can a Director serve more than four terms.

Q: If a Board member serves two years of another Director's term and then is elected to the Board, do those first two years count toward the two consecutive, three-year term limit?

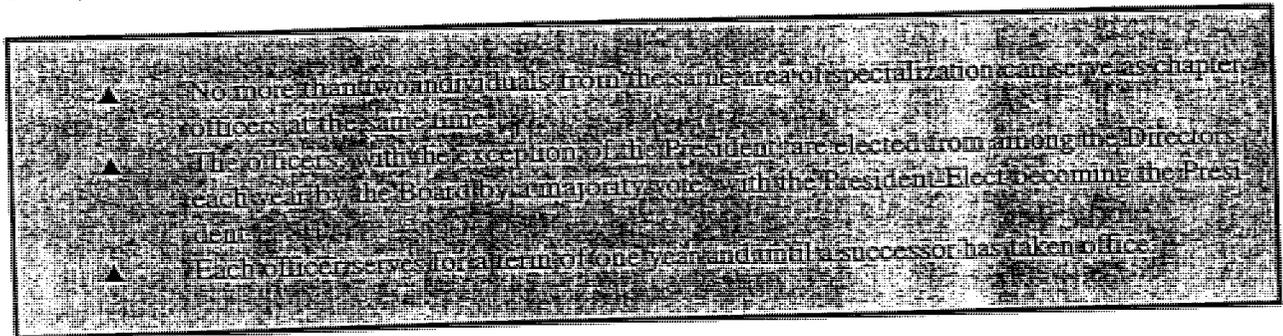
A: Yes, the first two years count toward the two consecutive, three-year term limit. Any portion of a term counts as a three-year term.

Bylaws Implications for Your Chapter Officers

Although your Board of Directors may appoint additional officers, the Model Chapter Bylaws require that the elected officers of chapters must include:

President
President-Elect
Vice President
Secretary
Treasurer

Just as the Model Chapter Bylaws have specific requirements regarding the balance and terms of your Board, there also are requirements for your elected officers:



If you have any questions, please contact the Membership and Chapter Relations Department.

Bylaw Provisions

- A. Name and location
- B. Objectives/Statement of Purpose
- C. Membership
 - 1. Qualifications
 - 2. Types of membership and definition
 - 3. Removal
 - 4. Reinstatement
 - 5. Resignation
- D. Organization Structure
- E. Dues Structure
 - 1. Establishment
 - 2. Cancellation
 - 3. Refunds
- F. Meetings and Voting Procedures
 - 1. Types of general membership meetings
 - 2. Notice of meetings
 - 3. Voting procedures and quorum
- G. Officers
 - 1. Elected officers
 - 2. Nomination and election
 - 3. Term of office and re-election
 - 4. Vacancy/removal
- H. Duties of Officers
- I. Board of Directors
 - 1. Authority
 - 2. Election and term of office
 - 3. Meetings and quorum
 - 4. Voting procedures
 - 5. Absence

6. Vacancy/removal
7. Compensation
8. Indemnification

J. Executive Committee

1. Authority
2. Composition
3. Meetings and quorum
4. Vacancy

K. Special and Standing Committees

1. List and responsibilities
2. Creation and dissolution

L. Executive and Staff

1. Appointment
2. Authority/responsibilities

M. Finance

1. Fiscal year
2. Bonding
3. Budget procedure
4. Audit

N. Indemnification

O. Dissolution

P. Rules of Order

Q. Amendment Procedure

Other provisions may include:
Legal compliance (including antitrust policy)
Property holding and transfer
Relationships with other associations
Adoption and use of a seal

Source: Fundamentals of Association Management: Organization, ASAE, 1984.

Association Governance Structure

The governance structure of associations is generally different than the governance structure of other organizations. The organizational structure of associations is best explained by the concept of administration by democracy. Associations represent, protect, encompass, and promote the interests of participants or members. These members determine, through a democratic process, who will be the leaders of the association. The leaders, in turn, make all policy and fiscal decisions for the association.

The leadership group is usually called the Board of Directors. The authority of the Board of Directors can be delegated to the officers of the association, who are elected by the membership or by the Board of Directors.

In addition, the Board of Directors, standing committees, and ad hoc committees, composed of members of the association, are used to support the activities of the Board and association. Committee members are usually selected by the Chairman of the Board of Directors.

The final component is the association staff. The staff is directed by the association's chief executive officer. By virtue of the democratic nature of associations, the decision making structure must be separate from the staff. However, the chief staff executive should serve as an ex-officio officer of the board. Below is an analysis of each level of the decision making process which shows the different roles of the board, committees, and staff.

Members

At the top of every association's organizational chart is the membership at large. The association's reason for existence lies within the interest of the members. The ultimate decision-making authority of the association rests with the members. The needs of the members are the most important issue. The function of the association is to carry out the programs and activities that benefit the common good of all or most members.

Board of Directors

The second level in the organizational structure is the Board of Directors. Most association bylaws state that the affairs of the association shall be governed, supervised, and controlled by a Board of Directors. This group may be called a board of directors, a house of delegates, or a board of trustees or governors. These members, who should be the most knowledgeable about the activities and needs of the association, are elected by the membership at large. The authority delegated to the Board of Directors requires that they set policies and make relevant decisions on behalf of the association's membership.

Officers

Depending on the association's bylaws, the officers are selected from the board by either the membership, the board itself, or a nominating committee. Officer positions usually include the Chair, Chair-elect, Secretary, Treasurer, and the chief staff executive, as an ex-officio officer. These elected officers are often called the executive committee.

The executive committee acts as a liaison and functions for the board between meetings of the board. The executive committee also makes any final decisions regarding financing the association. The bylaws outline the number, limitations, scope, and responsibility of members of the Executive Committee. Another responsibility often delegated to the officers by the board is the recruitment and hiring of the association executives.

Committees

The chairs and members of committees are usually appointed by the chief elected officer or chairman of the board. In some cases, the entire board must formally approve the committee chairmen and members. The number and size of committees should reflect the desires, goals, and objectives of the association membership. Committees represent the membership by providing participatory communication and ensuring that all interests of the membership are conveyed. In establishing committees, it is important to define the objectives and goals of each committee. It is not wise to name a committee just for the sake of getting members involved. A definite purpose must be established.

There are two types of committees: standing committees and ad hoc committees. Standing committees are those that exist to carry on essential activities of the association each and every year. Types of standing committees include budget, long range planning, and membership. According to the 1987 Policies & Procedures in Association Management, 35% of the associations surveyed have between 5 and 9 standing committees.

Ad hoc committees, often called task forces, have a limited lifespan. They are formed to address a particular need or issue. Once their goal is completed they are disbanded. Ad hoc committees are formed around a variety of issues including specific government affairs issues and new programs and services.

Staff

The chief staff executive is engaged by, and reports to, the board of directors through the chief elected officer. The chief staff executive receives primary direction from the chief elected officer acting as spokesman for the board of directors and the association. The chief executive is responsible for implementing the policies and programs of the association and the daily operation of the association, including hiring and staff administration.

Staffing Options for Associations

At what point in its development should an association have professional staff management? Should it choose a salaried association executive or an association management company? The answer depends on the specific needs and goals of the association.

There are several questions that must be considered before hiring professional staff.

- Is there enough management expertise among the membership to manage an association?
- Is the membership willing to volunteer its time?
- What current activities and services is the association engaged in?
- What future activities and services do they expect to offer members?
- Are the members willing to make the financial commitment to professional staff?

Both forms of professional management offer logical alternatives to volunteer management, but each association should base its decision on a careful examination of the options and a cost analysis of each.

Many associations are run entirely by volunteers, and there are several advantages. Because the association is run completely by volunteers, member interest, support, and pride are increased. Volunteers are acutely aware of member needs. This awareness allows the association to design products and services that the members are interested in. Furthermore, volunteer expertise is another benefit which can be effectively utilized within the organization. Finally, the operational costs are very low.

Although the contributions made by volunteers to the association community are great, there are nevertheless limitations in depending entirely on volunteers. Many volunteers lack the specific skills needed by an association to achieve its goals. An association of engineers, for example, may not have a member with the expertise necessary to manage a group insurance program or plan a convention. If these programs demand a limited amount of time and attention, the association could hire a consultant. On the other hand, if they require greater time and attention a consultant probably would not be sufficient.

A second limitation of volunteer-run associations is a lack of accountability. Effective management depends on accountability. Although peer pressure and motivation may help build a spirit of responsibility among a volunteer group, it may not be sufficient. An employment contract and an annual performance evaluation of a salaried association executive can help increase responsibility.

At some point in an association's development, hiring professional staff becomes a viable option. The goals and objectives of the association should factor into the decision between an association management company and an association executive.

A salaried and exclusive association executive has the sole responsibility of managing the association. The executive director is responsible for handling all aspects of the association, including planning the convention, producing any periodicals, and developing membership. Full-time managers and support staff are hired as the association grows. Physical resources, such as office space, equipment and supplies are either purchased or leased by the association.

Association management companies are for-profit companies who manage associations. Usually, association management companies assign an account manager to serve the association. Association management companies also employ staff specialists to manage the specific activities for a number of associations. A staff specialist would be responsible for planning the convention, another for producing any periodicals, and still another for developing membership. This specialist would perform the same function for a number of associations simultaneously.

Typically, an association spends 35-45% of its total income on staff salaries, taxes, benefits, and occupancy expenses, regardless of whether the association hires a management company or a salaried executive. If the association's total annual income is \$300,000, it can expect to spend \$120,000 on the average for staff and occupancy. According to ASAE's 1990 Association Executive Compensation Study, the total compensation package for the chief paid executive of an association with a budget of \$300,000 or less is \$46,576. This allows nearly \$75,000 for occupancy.

Professional association executives should be able to help an association evaluate its own potential and make appropriate staffing decisions. Background information and assistance are available from the American Society of Association Executives (ASAE) and the Institute of Association Management Companies (IAMC).

IAMC is the trade association of association management companies and has resources available on how associations select and evaluate their management. This information can be invaluable in helping associations determine which forms of management best fit their goals and objectives.

ASAE
1575 Eye Street, NW
Washington, DC 20005-1168
(202) 626-2723

IAMC
104 Wilmot Road
Deerfield, IL 60015-5195
(708) 940-7218

**SMALL WORKING GROUP
FRIDAY, 22 MARCH & 29 MARCH**

**PLANNING THE NEXT KEY STEPS IN CREATING THE
ASSOCIATION.**

What must be in the plan.

Decisions to be made and documents to be developed"

Organization building activities.

Who will be responsible for each activity.

What are the deadlines.

How will the activities be coordinated.

Decisions and documents.

*Legal documents for registering or qualifying the association to
legal existence.*

Bylaws

Financial structure

Preliminary budget

Organization building activities

Membership market research

Build the list of eligibles

Convene groups to explore needs

Complete survey research

Member recruitment

Sign up members and get dues.

Write and distribute a newsletter

Design and operate educational programs

Research opportunities for government and foundation funding

Develop a case statement; what is in it for them.

Who will accept responsibility for the activities.

Planning group members

recruitment of others

PADCO staff

What is a realistic timetable?

Schedule of next few meetings.