

Executive Director's Report

by James D. Froula, P.E., Tennessee Alpha '67

SECRETARY'S REPORT

OVERALL, THE YEAR 2004-05 was very good in most respects, and the investments in trust showed record valuations. Excellent support by alumni through their volunteer efforts, generous contributions, and bequests was impressive, while corporate financial support of the Convention and THE BENT remained high. Continuous improvements were made to the internal and external websites and to the automated membership-reporting system.

CHAPTERS

The 2004 Convention granted a charter to the University of California, Riverside, formally established as the California Alpha Beta Chapter on February 12, 2005. An account of the installation was published in THE BENT. An inspection team visited the local engineering honor society at Rowan University in Glassboro, NJ, and a petition from the school will be considered by the 2005 Convention. Petitions for new chapters were received from San Francisco State University and the U.S. Military Academy, and inspection committees will visit in September 2005.

Tau Beta Pi has chartered 59 alumnus chapters. Nineteen units are active, and their activities are reported in THE BENT.

The Annual Chapter Survey was conducted in the spring. A total of 203 chapters (vs. 196) completed surveys, and 171 chapters reported 1,700 projects. A report on the contents of the survey was published in the September 2005 issue of THE BULLETIN.

MEMBERSHIP

The chapters initiated 7,848 members in 2004-05, down six percent and the lowest total in three years. This included 7,358 undergraduates, 396 graduate students, 44 alumni, and 50 eminent engineers. Tau

Beta Pi's initiated membership on July 31, 2005, was 477,587, and an estimated 49,000 are deceased.

During the year, about 28,900 engineering students in the 229 Tau Beta Pi chapter schools were scholastically eligible for membership in the top one-fifth of their senior or the top eighth of their junior classes. About 42.8% of these were members of Tau Beta Pi at the close of the year, up slightly from 42.5% the pre-



Great Smoky Mountains Alumnus Chapter and Tennessee Alpha members enjoyed dinner and a guided tour of the renovated Tennessee Theater on May 3 of this year.

vious year. About 5.2% were not initiated, chiefly because of their chapters' failure to hold spring ceremonies. The remaining 52.2% indicated a lack of interest in membership, down from 53.7% last year.

Tau Beta Pi chapter schools graduate about 90% of all B.S. engineers at the total of 349 schools with ABET-accredited programs and the 19 other schools.

Forty-one chapters held only one election and initiation of new members; all others held two or more. Seven chapters held initiations without approval, and one chapter was placed on probation. No member resigned during the year, and none was expelled.

CONVENTION

The 99th Convention of Tau Beta Pi was held in October 2004 in Orlando with Florida Alpha/Delta as co-hosts. The meeting was fully reported in THE BENT and THE BULLETIN. The 2005 Conven-

tion will be held in Salt Lake City with Utah Alpha/Beta/Gamma as co-hosts, and the 2006 meeting will be hosted by Colorado Alpha in Denver/Boulder. The 2004 Convention approved one amendment to the Constitution and Bylaws of the Association, which were ratified by Executive Council vote for invalid and non-voting chapters: to revise the membership eligibility of undergraduate and graduate students. The 2004 Conven-

tion decided to use the standard reimbursement schedule for the 2005 Convention; accepted an invitation from Michigan Iota to host the 2007 Convention in Dearborn (which acceptance was later approved by the Executive Council); made a recommendation to allow a projected initiation display; made recommendations to improve the skills and knowledge of Chapter Advisors; and established a five-year trial Secretary's Commendation Award Program until the 2009 Convention, which will review the program.

OFFICIALS

The Executive Council of Tau Beta Pi, elected for the 2002-06 term, comprises President M.W. Ohland, Ph.D., Vice President E.D. Styles, and Councillors A.L. Hu, R.W. Pierce, and Dr. D.J. Tyner. Council meetings were held on Aug. 21, Oct. 6, and Dec. 4, 2004, and Feb. 26 and June 3, 2005.

Tau Beta Pi has three appointed Directors with responsibilities in major areas of its interest: D.S. Pierre Jr.*, P.E., serves as Director of Fellowships, E.J. D'Avignon as Director of Rituals, and Dr. A.M. Brenner as Director of Engineering Futures. Members of the Fellowship Board include L.J. Hollander*, P.E., Dr. S.L.R. Holl*, and Dr. V.A. Marsocci*, P.E. The Trust Advisory Committee, which directs the investment activities of the corporate trustee, includes R.F. Smith* (chair), M.A. Di Flora, and J.W. Johnson Jr.* (*service of six years or more).

The District Directors on July 31, 2005, were:

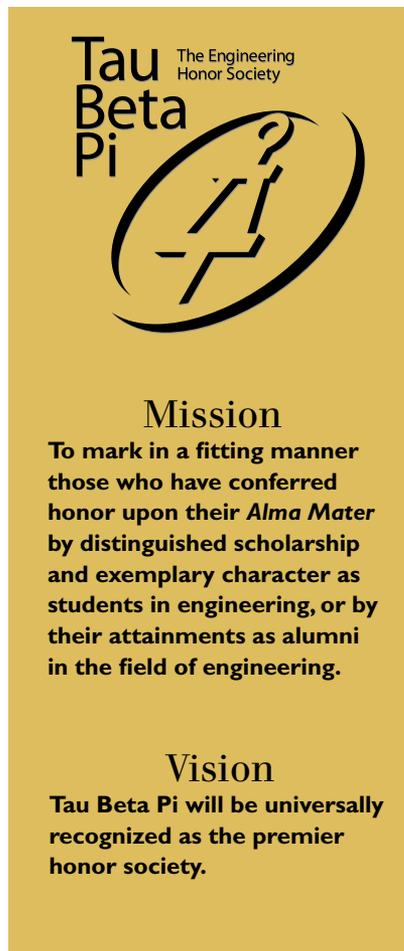
- District 1 Matthew C. Rodrigue
District 2 Selden J. Houghton
Thomas A. Pinkham IV*
Andrea J. Pinkus
Jason Rogan*
District 3 Dr. Edward P. Gorzkowski
Michael D. Malmstrom*
District 4 Luke A. Martin
Lisa C. Pawlak*
Russell L. Werneth*
District 5 Curt G. Campbell
Rebecca A. Holcomb
Dr. Elizabeth A. Stephan*
District 6 Joseph J. Hanby*
Richard P. King
District 7 Abdou A. Ayoub
Dr. Kathleen L. Colbry
Curtis D. Gomulinski
Robert C. Rogers, P.E.
District 8 Michael J. Cunningham*
Stacey L. Forkner*
Joseph G. Macro*
District 9 Dr. Charles W. Caldwell*
Robert C. Huck
Brenda A. Kramer
District 10 Nila D. Bhakuni*
Jeremy N. Comardelle
Daniel A. Kamat*
District 11 Dr. James C. Hill*
Sherry D. Jennings-King*
District 12 Wade A. Hull*
Tricia E. Schwaller
Dr. Larry A. Simonson, P.E.*
District 13 Jeffrey G. Dabling
Dr. Richard W. Mead*
District 14 Ellie R. Armstrong
James E. Mitchell
District 15 Scott E. Fable
Michael D. Soriano
District 16 Scott V. Eckersall
Dr. Allen Klinger
Dr. Farrokh Najmabadi

(*service of six years or more)

The national Headquarters staff, which is located on the Knoxville campus of the University of Tennessee, includes Executive Director J.D. Froula, P.E., Assistant Secretary-Treasurer R.E. Hawks, Director of Communications & Development P.B. McDaniel, and seven additional employees.

DISTRICT PROGRAM

Each District held a conference last year and conducted meetings during the 2004 Convention, and Directors visited many chapters during the year. The Directors and the Council met in Burlington, VT,



in June 2005 and discussed means for improving regional activities and communications and for helping the collegiate chapters.

ENGINEERING FUTURES

A total of 229 training sessions in developing the leadership skills of student members was presented by 51 volunteer facilitators during 2004-05. This program helps to prepare engineering students for their careers by enhancing their overall personal effectiveness through interpersonal-skills and teamwork-development seminars.

FELLOWSHIPS

The website carried reports by Tau Beta Pi's 71st fellowship group of 34 students, 15 with stipend, who were selected in the spring of 2004. The 72nd group, comprising 35 students—15 with stipend, will do graduate work in 2005-06 and was announced in the Summer 2005 BENT. Fellows with stipends are paid cash grants of \$10,000 each. Twelve James Fife Fellowships, sponsored by an irrevocable trust bequeathed by William Fife, CA A '21, were given, along with the inaugural Mabel E. and Marshall Anderson, MI Γ '32, award.

AWARDS

Tau Beta Pi's top chapter prize, the R.C. Matthews Outstanding Chapter Award, was given to Wyoming Alpha for the excellence of its total program in 2003-04. Honorable mentions were awarded by the Convention committee to California Alpha, Iowa Alpha, and Vermont Beta. The R.H. Nagel Most Improved Chapter Award went to California Sigma; there was no honorable mention.

The Council made one Chapter Project Grant under the Greater Interest in Government Program. The Headquarters staff gave 45 Secretary's Commendations to chapters for the perfection of their reports to the Headquarters office in 2003-04 and 34 Chapter Project Awards for ingenuity and creativity in activities.

The Distinguished Alumnus Award, established by the 1993 Convention for a trial period and renamed in 1999, will be presented at the 2005 Convention to Dr. H. Vincent Poor, AL A '72.

The National Outstanding Advisor Award will be presented to the 12th winner, who was selected in June 2005 by a national selection committee of engineering deans: Drs. C.E. Rathmann(chair), D.P. Giddens, and P.P. Khargonekar. The recipient of a \$1,000 cash award and an equal sum to be presented to her dean's discretionary fund is Dr. Sally G. Steadman, WY A '69, Alabama Epsilon Advisor.

During the year, the Executive Council gave 11 Resolutions of Appreciation, six Distinguished Service Awards, three Exemplary Service Awards, and eight Superior Service Awards to collegiate chapter advisors and national officials for long and outstanding service.

LAUREATES

A selection committee of three District Directors chose one Laureate from nine nominees. [See page 25.]

SCHOLARSHIPS/GRANTS

The seventh group of 69 Tau Beta Pi Scholars, who will complete their undergraduate engineering studies in 2005-06, was announced in the Summer BENT. Each Scholar receives a cash grant of \$2,000. The one-time Jill S. Tietjen Distinguished Alumna and the inaugural Albert H. Winkler Scholarships were awarded.

In the Tau Beta Pi Chapter Performance Scholarship Program, at least 29 scholarships of up to \$500 each were presented to students selected by 23 chapters.

Six \$1,000 grants for the first year of college study in 2005-06 for incoming freshman engineering students were provided by the Society (for an eight-year total of 48) through the national program conducted by the Society of Automotive Engineers. One Special Assistance Grant was made.



Robert L. Brown II
San Antonio, TX



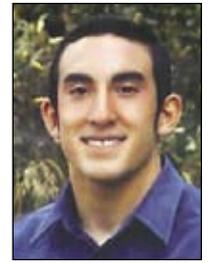
Andrew S. Fox
Jacksonville Beach, FL



Eric K. Lai
Oakland, CA



Mark A. Omernick
Oshkosh, WI



David Sanchez
Lexington, KY

Five students are national winners of the 2005 Tau Beta Pi-SAE Engineering Scholarships—\$1,000 grants for their first year of college. Robert is attending Texas A&M University, Andrew is enrolled at the University of Florida, Eric

is at Stanford University, Mark is at the University of Wisconsin-Madison, and David is enrolled at Massachusetts Institute of Technology. They were selected from more than 3,000 applicants nationwide.

CONTRIBUTIONS FROM ALUMNI

Tau Beta Pi's 2004 Annual Giving Campaign brought record gifts of \$745,172 (no change) from 14,125 donors (down 3%), including 794 new donors (down 9%). Their names were published in the Winter and Spring 2005 issues of THE BENT. Included in the total are gifts of \$21,215 allocated to the Fellowship Program from 186 companies that match gifts from employees. The 2005 Giving Program was begun in March, and the response by July 31 reached \$523,764 from 9,590 loyal members.

The Society uses minimal professional assistance in the conduct of this extremely efficient program; the national officers are deeply grateful to the generous alumni whose gifts fund important programs that help our chapters and student members.

OTHER ACTIVITIES

Tau Beta Pi has maintained its affiliations with the American Association for the Advancement of Science, the Association of College Honor Societies, and the American Association of Engineering Societies and its association membership in the American Society for Engineering Education. The Executive Director is Tau Beta Pi's official representative to these organizations, although other officers of the Association occasionally attend their meetings. Tau Beta Pi is also an affiliate of the Junior Engineering Technical Society, which works with high-school students across the U.S.A.

The Society was included as an eligible organization on the 2005 Combined Federal Campaign national list. Tau Beta Pi established its own web-based job board—The Best People—and continued formal agreements with MonsterTrak and JobTarget to provide online job listings to members. The AlumNet Program, an electronic mentoring service to encourage student-alumnus interactions, has operated effectively since 2001 under Dr. Amy K. Forbes, Administrator. The Association was a contributing society to National Engineers Week 2005.

Tau Beta Pi has maintained its classification under Section 501(c)(3) of the U.S. Internal Revenue Code as a tax-exempt, charitable and educational, non-private organization and is exempt from sales tax in 14 states. Collegiate chapters are separately classified under Section 501(c)(7) of the code.

TREASURER'S REPORT

THE FINANCIAL CONDITION of Tau Beta Pi at the close of the fiscal year was improved. High trust market gains were recorded, and dividends doubled. Excess of revenue over expense was \$2,252,000. Assets increased in 2004-05 by \$2,353,000 to a total of \$16,467,000.

FINANCIAL POSITION STATEMENT

The several named trust funds are commingled and invested under the jurisdiction of the Tau Beta Pi Trust Advisory Committee. The trustee is the trust department of the National City Bank in Toledo, OH. The trustee performed satisfactorily during the year, and the status of the trust at the end of the year was much improved, with both increased dividends and capital gains. Investment earnings of the funds, less trustee fees and excluding capital gains resulting from security transactions, are used for the purposes indicated by the fund titles: paying fellowship and scholarship stipends, paying for BENT magazines delivered to life subscribers, paying project grants to winners in the Greater Interest in Government Program, helping to support the Convention, and financing many useful activities of the collegiate chapters. Overall net earnings of the trust funds, including security sales, were 19.2%; the previous year's figure is 14%. Net earnings were \$2,545,000.

Securities held by the trustee on July 31, 2005, are carried at market value of \$15,415,763, an increase of 16.6% above the previous year, and comprise holdings

in 11 non-overlapping, no-load mutual funds. Equity securities constituted 85% of the total trust funds.

The current liability in fellowships and scholarships is for those stipends committed in 2004-05 for payment in 2005-06 to student winners. The 2005 Convention liability includes the assessments paid by new initiates during the year and \$27,750 in gifts from corporate and university sponsors. The deferred BENT subscription liability is for both annual subscriptions and the four-year subscriptions for new members included in the national initiation fee. The liability for delivering future magazines under four-year subscriptions is entered on the books at the time of initiation.

The increase in BENT life subscription liability resulted from the 423 new life subscribers. Life subscription fees are recorded as a liability because of the commitment against the annual earnings of those fees to pay for copies of THE BENT to be delivered. This liability represents the total value of all life subscriptions in force on July 31, 2005, at their enrollment-fee prices. Upon the deaths of life subscribers, their paid fees are transferred on the books to the Fellowship Fund and then are reported as revenue.

The net assets of the Association increased by \$2,252,000 because of trust market gains, record contributions from alumni, and two bequests totaling \$321,000. Earnings on securities in the trust rose by \$197,000. A subsidiary report details the changes during the year in individual funds, most of which increased after a gain in market value of securities of \$2,182,000. The L.E. Record Scholarship Fund grew by \$652,000, the BENT Life Subscription Fund balance increased by \$373,000, the Convention Fund rose by \$239,000, the Fellowship Fund grew by \$184,000, and the Engineering Futures Fund increased by \$53,000, but the Program Development Fund fell by \$26,000 to pay District Program expenses.

THE TAU BETA PI ASSOCIATION
STATEMENT OF FINANCIAL POSITION
 On July 31, 2004 and 2005

ASSETS

	2005	2004
<i>Current Assets</i>		
Cash	\$ 273,314	\$ 245,423
Receivables:		
Contributions	65,000	0
Chapters	17,587	17,888
Student loans	38,270	41,521
BENT life subscription installments	15,704	20,536
Other	7,099	1,323
<i>Total Receivables</i>	143,660	81,268
Inventory	18,538	20,149
Split-interest agreements, current portion	51,591	44,320
Prepaid expenses	18,673	12,160
<i>Total Current Assets</i>	505,776	403,320
Depreciable:		
Furniture and equipment	233,141	227,851
Less accumulated depreciation	-197,559	-180,247
<i>Total Depreciable</i>	35,582	47,604
Investments	15,415,763	13,225,013
Split-interest agreement net of cur. portion	510,583	438,633
TOTAL ASSETS	\$16,467,704	\$14,114,570

LIABILITIES AND NET ASSETS

	2005	2004
<i>Current Liabilities</i>		
Accounts payable:		
Chapters	\$ 6,131	\$ 6,131
Laureate awards	2,500	2,500
Fellowships/Scholarships	288,000	230,000
Other	19,396	12,428
Accrued expenses	25,089	23,020
Deferred Convention revenue	66,990	41,449
Deferred BENT revenue	58,481	57,241
<i>Total Current Liabilities</i>	466,587	372,769
Deferred BENT subscription revenue	69,196	71,458
BENT life subscriptions	2,420,285	2,411,336
TOTAL LIABILITIES	2,956,068	2,855,563
<i>Net Assets</i>		
Unrestricted:		
Undesignated	827,292	656,167
Designated	6,081,327	5,217,340
Temporarily restricted	5,174,873	4,293,064
Permanently restricted	1,428,144	1,092,436
TOTAL NET ASSETS	13,511,636	11,259,007
TOTAL LIABILITIES & NET ASSETS	\$16,467,704	\$14,114,570

STATEMENT OF ACTIVITIES

Chapter and initiation fees (shown less THE BENT subscription portion) rose by \$29,000.

Convention revenue consists of assessments for the 2004 Convention, \$33,750 in industrial gifts, and \$61,694 from 129 alternate delegates and visitors.

Overall contributions and bequests increased by \$259,000. Total gifts from alumni and matching corporations in the two annual giving programs in 2004-05 amounted to a record \$770,298 (up 3% from 2003-04). The Association is deeply grateful to the 13,920 members who contributed during the year.

BENT publication revenue rose by \$36,000 with the third-highest total of recruitment advertising; expenses also increased by \$39,500. Normally, publication is a "profitable" activity when Life Subscription Fund earnings are included. Total earnings on the invested Life Subscription Fund were the highest in four years. In 2004-05, the invested fund earned (before the trustee fee deduction) only \$.39 per life copy delivered, compared with the previous year's \$0.18. Cost per life copy exceeded earnings by \$0.91, versus last year's \$1.03.

The total of interest and dividends in 2004-05 rose by \$237,000. The net gain on investments was \$2,182,000; changes in market value are reported as either gains or losses in investments.

The 10 major chapter programs (the first 10 under Expenses) usually show an operating loss. Convention expenses rose by \$3,000 and include the cost of attendance by one student delegate from each collegiate chapter, alternate delegates, alumnus delegates, chapter advisors, and visitors—but not by national officers.

Expenses for fellowships and scholarships rose by \$58,000 because more scholarships were awarded. (Revenue for fellowships includes all matching gifts from corporations and certain alumnus contributions, including those specifically earmarked by donors.) Since the Fellowship Program was inaugurated in 1929, Tau Beta Pi has given and committed \$4,215,395 in stipends to a total of 835 young members. It is the major philanthropic program of the Society and is made possible by gifts from alumni and cooperating industrial firms.

INITIATION FEES

Tau Beta Pi's low national initiation fee covers the cost of the official badge, membership certificate, copies of the Constitution and Bylaws and Information booklets, a subscription for student members to THE BULLETIN, and a four-year subscription to THE BENT. The national fee has been \$32 since August 1, 2004. In addition, new members are charged an assessment of \$5 for partial support of the annual Convention.

STUDENT LOANS

Eight new student loans were made to members in 2004-05 for a total of \$15,565. None was for the amount of Tau Beta Pi's initiation fee. Four loans were repaid, and five were written off during the year, leaving 19 outstanding on July 31, 2005, with a principal balance of \$38,270. Since inauguration in 1932 of the program, 1,760 loans have been made to student members for a total of nearly \$809,000.

EDITOR'S REPORT

THE BENT

During 2004-05, the four issues contained a total of 224 pages, and 384,065 copies of the magazine were available for paid subscribers. This is a 1.2% increase in paid copies above the previous year's circulation total. Engineering and graduate-school recruitment advertising for the year totaled 21.2 pages, a 26.4% increase from the previous year. Total production cost of the magazine per paid copy was \$1.31, up from \$1.21 the preceding year.

New BENT life subscribers added during the year numbered 423 (down 15%) bringing total life subscriptions to 76,573. Of all the life subscribers enrolled since 1929, when the plan was instituted, 7,730 are deceased, and their fees total-

THE TAU BETA PI ASSOCIATION

STATEMENT OF ACTIVITIES

For the years ended July 31, 2004 and 2005
(With summarized financial information for the year ended July 31, 2004)

REVENUE	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2004-05</i>	<i>2003-04</i>
Initiation and chapter fees and fines	\$ 186,553			186,553	157,313
Chapter and individual sales	86,702			86,702	85,844
Contributions and bequests	795,544	76,480	256,487	1,128,511	868,990
Convention	120,473			120,473	114,177
BENT publication	256,136			256,136	219,808
Life subscription fee transfers	13,025			13,025	12,067
Student loan interest	1,917			1,917	1,992
Miscellaneous	2,739			2,739	525
Interest and dividends	227,812	254,198		482,010	244,740
Net gain (loss) on investments	1,373,459	809,069		2,182,528	1,534,637
Change in value of split-interest agreements	0	0	79,221	79,221	60,106
Net assets released from restrictions	<u>257,938</u>	<u>(257,938)</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUE	3,321,556	881,809	335,708	4,539,073	3,300,199
EXPENSE					
Program services:					
Chapter and initiate supplies	240,735			240,735	245,145
Cost of chapter and individual sales	79,904			79,904	79,095
Convention	349,658			349,658	346,357
District Program	203,490			203,490	210,519
Engineering Futures Program	117,380			117,380	117,966
Greater Interest in Government Program	4,456			4,456	3,428
BULLETIN publication	30,709			30,709	29,615
Student Assistance Program	2,470			2,470	1,392
Laureate Program	8,114			8,114	8,481
Advisor Award Program	7,457			7,457	5,759
BENT publication	502,458			502,458	462,915
Fellowship/Scholarship Program	350,624			350,624	292,749
Alumnus Program	10,228			10,228	9,848
Student Loan Program	<u>5,579</u>			<u>5,579</u>	<u>5,984</u>
	1,913,262			1,913,262	1,819,253
General and administrative	148,110			148,110	132,681
Alumnus Giving Program	<u>225,072</u>	<u>0</u>	<u>0</u>	<u>225,072</u>	<u>229,473</u>
TOTAL EXPENSE	2,286,444	0	0	2,286,444	2,181,407
CHANGE IN NET ASSETS	1,035,112	881,809	335,708	2,252,629	1,118,792
Net assets, beginning of year	<u>5,873,507</u>	<u>4,293,064</u>	<u>1,092,436</u>	<u>11,259,007</u>	<u>10,140,215</u>
Net assets, end of year	<u>\$6,908,619</u>	<u>5,174,873</u>	<u>1,428,144</u>	<u>13,511,636</u>	<u>11,259,007</u>

Financial statements have been audited.

ing \$221,438 have been transferred to the Fellowship Fund in accord with the Constitutional requirement.

An average of 254 copies per issue in 2004-05 was delivered to annual renewal subscribers, 31,754 copies to original four-year subscribers, and 64,008 copies to life subscribers, for a total of 96,016 paid copies per issue. The total number of paid copies for the Summer 2005 magazine was 95,205.

THE BENT carries articles on general professional topics in engineering, news about Tau Beta Pi and its members and chapters, and regular departments. The Association is indebted to the alumni who serve as judges and writers of the Brain Ticklers column: H.G. McIlvried III (chair), D.A. Dech-

man, J.L. Bradshaw, and F.J. Tydeman. Publication of THE BENT is a major activity of the national Headquarters staff. By Bylaw provision, the Secretary-Treasurer of the Association serves as editor.

THE BULLETIN

During 2004-05, the three issues contained a total of 22 pages, and 33,800 copies were printed. All issues are also available on the website. This newsletter is published chiefly for the information of the student members and advisors of the collegiate chapters and is a valuable means of exchanging project ideas and distributing information and instructions on the operations of the student groups. The Executive Director serves as editor of THE BULLETIN.

OTHER PUBLICATIONS & WEBSITE

New editions of the "Constitution and Bylaws and Eligibility Code" and the "Information Book 2005" were published in August and October, respectively. The "President's Book 2005" was updated in August.

The other Tau Beta Pi descriptive brochures, posters, and promotional materials were updated and reprinted during the year for chapter use. The Tau Beta Pi website received numerous improvements throughout the year and at least 145,000 visitors. It contains much interesting material at www.tbp.org.

—James D. Froula, P.E.
Executive Director
Secretary-Treasurer and Editor