

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

Secretary's Report

Overall, the year 2002-03 was good in most respects, and the investments in trust showed improved valuations. Strong support by alumni through their volunteer efforts, contributions, and bequests was impressive, while corporate financial support of the Convention and *THE BENT* remained high. Extensive improvements were made to the internal and external websites and to the automated membership-reporting system.

CHAPTERS

The 2002 Convention granted a charter to Virginia Commonwealth University, formally established as the Virginia Delta Chapter on March 1, 2003. A sketch of the institution and an account of the installation were published in *THE BENT*. An inspection team visited the local engineering honor societies at Idaho State University, Grand Valley State University, and the University of California, Riverside. Petitions from the first two schools will be considered by the 2003 Convention. A petition for a chapter was received from Miami University, but was rejected for technical reasons.

Tau Beta Pi has chartered 59 alumni chapters. Sixteen units are active, and their activities are reported in *THE BENT*.

The Annual Chapter Survey was conducted in the spring. A total of 138 chapters (up from 132) completed surveys, and 95 chapters reported 1,274 projects. A report on the contents of the survey was published in the September 2003 issue of *THE BULLETIN*. A large Bent monument was dedicated by Virginia Epsilon. A special anniversary celebration was held by Ohio Epsilon (50th).

MEMBERSHIP

The chapters initiated 8,293 members in 2002-03, up nine percent and the highest total since 1996-97. This included 7,902 undergraduates, 276 graduate students, 58 alumni, and 57 eminent engineers. Tau Beta Pi's initiated membership on July 31, 2003, was 461,391, and an estimated 48,000 are deceased.

During the year, about 29,134 engineering students in the 226 Tau Beta Pi chapter schools were scholastically eli-



This California Alpha human impersonation of a bent indicates that Berkeley remains an interesting city.

gible for membership in the top one-fifth of their senior or the top eighth of their junior classes. About 41.6% of these were members of Tau Beta Pi at the close of the year, up slightly from 41.5% the previous year. About 6.7% were not initiated, chiefly because of their chapters' failure to hold spring ceremonies. The remaining 51.7% indicated a lack of interest in membership, down from 54.6% last year.

Tau Beta Pi chapter schools graduate about 91% of all B.S. engineers completing their education at 340 ABET-accredited and 10 other schools.

Thirty-one chapters held only one election and initiation of new members; all others held two or more. Twelve chapters held unapproved initiations, and one chapter was placed on probation. One member resigned during the year, and none was expelled.

CONVENTION

The 97th Convention of Tau Beta Pi was held in October 2002 in Detroit with Michigan Epsilon as host. The meeting was fully reported in *THE BENT* and *THE BULLETIN*. The 2003 Convention will be

held in Lubbock with Texas Beta as host, and the 2004 meeting will be hosted by Florida Alpha/Delta in Orlando. The 2002 Convention approved four amendments to the Constitution and Bylaws of the Association, which were ratified by Executive Council vote for invalid and non-voting chapters: to limit Convention votes to one per officer; to re-define eligible curricula; to require chapters to list eligible curricula in chapter bylaws; and to establish the Scholarship Program and Scholarship Fund. The Bylaws were amended to provide an appeal procedure for any electee who objects to required duties. The Convention decided to use the standard reimbursement schedule for the 2003 Convention, made recommendations to improve the optional program for guests to be presented in parallel with the initiation, and studied the image materials through focus groups.

The delegates also: accepted an invitation from Utah Alpha, Beta, and Gamma to host the 2005 Convention in Salt Lake City (which acceptance was later approved by the Executive Council); enjoyed the inaugural Pre-Convention Issues Forum; made recommendations regarding the Distinguished Alumnus Program; made recommendations to expand the Advisor/Alumnus Program at future Conventions; and referred the question of establishing the position of Director of Scholarships to the 2003 Convention.

OFFICIALS

The Mid-Atlantic Executive Council relinquished its responsibilities to the Four Corners Council at the closing meeting of the 2002 Convention. The former group, which served the 1998-2002 term, was comprised of President D.M. Green, Vice President E.J. D'Avignon, and Councillors J.A. Atkins, C.P. Rice, and G.D. Peterson.

The current Executive Council of Tau Beta Pi, elected for the 2002-06 term, comprises President M.W. Ohland, Vice President E.D. Styles, and Councillors A.L. Hu, R.W. Pierce, and D.J. Tyner. Council meetings were held on Aug. 24, Oct. 2, and Dec. 7, 2002, and March 22 and June 6, 2003.

Tau Beta Pi has three appointed officers with responsibilities in major areas of its interest: D.S. Pierre Jr. serves

Mission

To mark in a fitting manner those who have conferred honor upon their Alma Mater by distinguished scholarship and exemplary character as students in engineering, or by their attainments as alumni in the field of engineering. . . .

Vision

Tau Beta Pi will be universally recognized as the premier honor society.

as Director of Fellowships, A.R. Hirsch as Director of Rituals, and A.M. Brenner as Director of Engineering Futures. Members of the Fellowship Board include L.J. Hollander, S.L. Holl, and V.A. Marsocci; H.J. Chaya resigned in May. The Trust Advisory Committee, which directs the investment activities of the corporate trustee, includes R.F. Smith (chair), and J.W. Johnson Jr.; J.A. Runde resigned in May. The District Directors on July 31, 2003, were:

District 1	Nila D. Bhakuni Keith S. Wilberg
District 2	Selden J. Houghton Thomas A. Pinkham IV Andrea J. Pinkus Jason Rogan
District 3	Edward P. Gorzkowski Michael D. Malmstrom
District 4	Luke A. Martin Lisa C. Pawlak Russell L. Werneth
District 5	Jeremy N. Comardelle Francisco E. Moreno Elizabeth A. Stephan
District 6	Joseph J. Hanby Richard P. King Bethany R. Lancaster
District 7	Teresa J. Cutright Barry L. Frost III Curtis D. Gomulinski
District 8	Michael J. Cunningham Stacey L. Forkner Joseph G. Macro
District 9	Charles W. Caldwell Eddie R. Fowler Brenda A. Kramer
District 10	Daniel A. Kamat Amy S. Plaskota
District 11	James C. Hill Sherry Jennings-King
District 12	Wade A. Hull Tricia E. Schwaller Larry A. Simonson
District 13	Jeffrey G. Dabling Richard W. Mead
District 14	Ellie R. Phelps Edward L. Tezak
District 15	Scott E. Fable Tana L. Franko
District 16	Scott V. Eckersall Allen Klinger.

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 Development P.B.

McDaniel, and seven additional employees.

DISTRICT PROGRAM

Each District held a conference last year and conducted meetings during the 2002 Convention, and Directors visited many chapters during the year. The Directors and the Council met in Scottsdale, AZ, in June 2003 and discussed means for improving regional activities and communications and for helping the collegiate chapters.

ENGINEERING FUTURES

A record total of 281 training sessions in developing the leadership skills of student members was presented by 47 volunteer facilitators during 2002-03. 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 Summer 2003 BENT carried reports by Tau Beta Pi's 69th fellowship group of 35 students, 15 with stipend, who were selected in the spring of 2002. The 70th group, comprising 35 students—17 with stipend, will do graduate work in 2003-04 and was announced in the Summer 2003 BENT. Fellows with stipends are paid cash grants of \$10,000 each. Four James Fife Fellowships, sponsored by an irrevocable trust bequeathed by William Fife, CA A '21, were given.

AWARDS

Tau Beta Pi's top chapter prize, the R.C. Matthews Outstanding Chapter Award, was given to Maryland Beta for the excellence of its total program in 2001-02. Honorable mention was awarded by the Convention committee to Wyoming Alpha. The R.H. Nagel Most Improved Chapter Award went to Nevada Beta, with the honorable mention to New York Nu.

The Council made six Chapter Project Grants under the Greater Interest in Government Program. The Headquarters staff gave 43 Secretary's Commendations to chapters for the perfection of their reports to the Headquarters office in 2001-02 and 28 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 2003 Convention to Dr. Irwin M. Jacobs, NY Δ '56, and to Dr. Daniel D. Reneau, LA Γ '63.

The National Outstanding Advisor Award will be presented to the tenth winner, who was selected in June 2003 by a national selection committee of engineering deans: P.P. Khargonekar (chair), D.P. Giddens, and C.E. Rathmann. The recipient of a \$1,000 cash award and an equal sum to be presented to his dean's discretionary fund is Dr. Melvin R. Corley, LA Γ '70, Louisiana Gamma Advisor.

During the year, the Executive Council gave 10 Resolutions of Appreciation, five Distinguished Service Awards, and two Superior Service Awards to collegiate chapter advisors and national officials for long and outstanding service. The EC Membership Commendation went to South Carolina Alpha for excellence in membership-process activities.

LAUREATES

A selection committee of three District Directors chose two winners from 20 nominees. [See pages 24-25.]

SCHOLARSHIPS/GRANTS

The fifth group of 39 Tau Beta Pi Scholars, who will complete their undergraduate engineering studies in 2003-04, was announced in the Summer BENT. Each Scholar receives a cash grant of \$2,000. The inaugural Mary E. DeFries, Emanuel M. Honig, Charles J. Utt, Duke Energy Foundation, and General Motors Scholarships were awarded.

In the Tau Beta Pi Chapter Performance Scholarship Program, 30 scholarships of \$500 each were presented to students in 23 chapters.

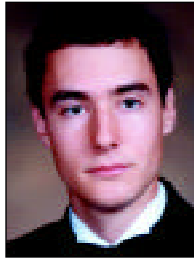
Six \$1,000 grants for the first year of college study in 2003-04 for incoming freshman engineering students were provided by the Society (for a total of 36) through the national program conducted by the Society of Automotive Engineers. No Special Assistance Grant was made.

CONTRIBUTIONS FROM ALUMNI

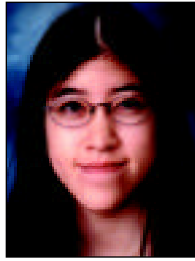
Tau Beta Pi's 2002 Annual Giving Campaign brought gifts of \$715,282 (up 0.8%) from 14,618 donors (down 4%), including 527 new donors (down 61%). Their names were published in the Winter and Spring 2003 issues of THE BENT. Included in the total are gifts of \$18,355 allocated to the Fellowship Program from 174 companies that match gifts from employees. The 2003 Giving Program was begun in March, and the response by July 31 reached \$503,671 from 10,261 loyal members.



Ron Ron Cheng
Greenville, MS



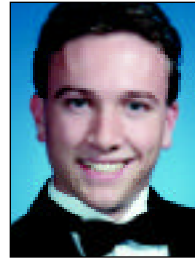
John M. Glowa
Media, PA



Katherine J. Lai
Cupertino, CA



Tingting Turski
Houston, TX



Joshua D. Wales
Cape Canaveral, FL



William Wu
Laguna Niguel, CA

Six students are 2003 national winners of Tau Beta Pi-*SAE* Engineering Scholarships—\$1,000 grants for their first year of college. Ron, John, and Katherine are studying at Massachusetts Institute of Technology, Tingting is attending Washington University in St. Louis, Joshua is a freshman at Florida Institute of Technology, and William is enrolled at Duke University. They were selected from more than 3,000 applicants nationwide.

The Society uses professional assistance in the conduct of this 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 2003 Combined Federal Campaign national list. Tau Beta Pi continued an agreement with MonsterTrak and signed a new agreement with JobTarget to provide on-line job listings to members. The AlumNet Program, an electronic mentoring service to encourage student-alumnus interactions, is in the third of a three-year trial period. The Association was a contributing society to National Engineers Week 2003 and was represented at the inaugurations of the new presidents of the University of Dayton, Texas A&M University, and Widener University.

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 13 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. Trust market gains were recorded despite a year of extremely low dividends. Excess of revenue over expense was a scant \$2,378. Assets increased in 2002-03 by \$30,000 to a total of \$13,007,000.

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 Cleveland, OH. The trustee performed satisfactorily during the year, and the status of the trust at the end of the year was improved, despite low 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: helping to pay 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 6.6%; the previous year's figure is -18.8%. Net earnings were \$795,000.

Securities held by the trustee on July 31, 2003, are carried at market value of \$12,113,000, an increase of 1% 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 2002-03 for payment to student winners in 2003-04. The 2003 Convention liability includes the

assessments paid by new initiates during the year and \$16,000 in gifts from corporate 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 527 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, 2003, at their enrollment-fee prices. On 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 \$2,378, because of trust market gains, generous contributions from alumni, and four bequests and two capital gifts totaling \$22,000. Earnings on securities fell by \$21,000. 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 \$615,000. THE BENT Life Subscription Fund balance decreased by \$80,000, but the L.E. Record Scholarship Fund increased by \$168,000, the Convention Fund rose by \$69,000, the Fellowship Fund grew by \$36,000, the Program Development Fund rose by \$34,000, and the Engineering Futures Fund increased by \$31,000.

STATEMENT OF ACTIVITIES

Chapter and initiation fees (shown less the BENT subscription portion) rose by \$12,000. Convention revenue consists of assessments for the 2002 Convention, \$24,400 in industrial gifts, and \$68,275 from 169 alternate delegates and visitors.

THE TAU BETA PI ASSOCIATION
STATEMENT OF FINANCIAL POSITION
 On July 31, 2002 and 2003

ASSETS	LIABILITIES AND NET ASSETS			
<i>Current Assets</i>	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
Cash	\$ 283,433	\$ 226,203	<i>Current Liabilities</i>	
Receivables:			Accounts payable:	
Contributions	0	125,000	Chapters	\$ 6,131
Chapters	15,155	11,902	Laureate awards	5,000
Student loans	49,465	64,881	Fellowships/Scholarships	254,000
BENT life subscription installments	24,419	29,486	Other	20,938
Other	426	8,041	Accrued expenses	22,295
<i>Total Receivables</i>	89,465	239,310	Deferred Convention revenue	40,876
Inventory	15,885	17,947	Deferred BENT revenue	54,558
Split-interest agreements, current portion	38,771	37,273	<i>Total Current Liabilities</i>	403,798
Prepaid expenses	13,578	5,742	Deferred BENT subscription revenue	68,504
<i>Total Current Assets</i>	441,132	526,475	BENT life subscriptions	2,394,580
Depreciable:			TOTAL LIABILITIES	2,866,882
Furniture and equipment	224,640	240,390	<i>Net Assets</i>	
Less accumulated depreciation	-156,287	-157,218	Unrestricted:	
<i>Total Depreciable</i>	68,353	83,172	Undesignated	544,012
Investments	12,113,536	11,998,242	Designated	4,830,964
Split-interest agreement net of cur. portion	384,076	369,242	Temporarily restricted	3,732,909
			Permanently restricted	1,032,330
TOTAL ASSETS	\$13,007,097	\$12,977,131	TOTAL NET ASSETS	10,140,215
			TOTAL LIABILITIES & NET ASSETS	\$13,007,097
				\$12,977,131

Overall contributions and bequests decreased by \$50,000. Total gifts from alumni and matching corporations in the two annual giving programs in 2002-03 amounted to a record \$738,112 (up 5% from 2001-02). The Association is deeply grateful to the 14,497 members who contributed during the year.

BENT publication revenue fell by \$27,000 despite the third-highest total of recruitment advertising; expenses fell by \$11,000. Normally, publication is a "profitable" activity when Life Subscription Fund earnings are included. Total earnings on the invested Life Subscription Fund were the lowest in 26 years. In 2002-03, the invested fund earned (before the trustee fee deduction) only \$0.22 per life copy delivered, compared with the previous year's \$0.27. Earnings exceeded cost per life copy by a record \$1.02, versus last years' \$1.00.

The total of interest and dividends in 2002-03 fell by \$22,000. The net gain on investments was \$615,000; 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 \$70,000 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 fell by \$6,000 because fewer 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 \$3,937,395 in stipends to a total of 808 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, formerly \$21 during 1972-90 and \$23 during 1990-94, was last raised on August 1, 1994, to \$27. Prior to 1934, it was \$15. In addition, new members are charged an assessment of \$3 for partial support of the annual Convention of the Association.

STUDENT LOANS

Seven new student loans were made to members in 2002-03 for a total of \$14,300. None was for the amount of Tau Beta Pi's initiation fee. Twelve

loans were repaid, and none was written off during the year, leaving 26 outstanding on July 31, 2003, with a principal balance of \$49,465. Since inauguration in 1932 of the loan program, 1,751 loans have been made to student members for a total of nearly \$792,000.

Editor's Report

THE BENT

During 2002-03, the four issues contained a total of 224 pages, and 374,647 copies of the magazine were available for paid subscribers. This is a 0.2% increase in paid copies above the previous year's circulation total. Engineering and graduate-school recruitment advertising for the year totaled 17.9 pages, a 20% decrease from the previous year. Total production cost of the magazine per paid copy was \$1.23, down from \$1.28 the preceding year.

New BENT life subscribers added during the year numbered 527 (down 30%) bringing total life subscriptions to 75,650. Of all the life subscribers enrolled since 1929, when the plan was instituted, 7,091 are deceased, and their fees totaling \$201,783 have been transferred to the Fellowship Fund in accord with the Constitutional requirement.

An average of 340 copies per issue in 2002-03 was delivered to annual renewal subscribers, 29,397 copies to original four-year subscribers, and 63,925 copies to life subscribers, for a

THE TAU BETA PI ASSOCIATION

STATEMENT OF ACTIVITIES

For the years ended July 31, 2002 and 2003
(With summarized financial information for the year ended July 31, 2002)

REVENUE	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2002-03</i>	<i>2001-02</i>
Initiation and chapter fees and fines	\$ 156,145			156,145	144,377
Chapter and individual sales	79,328			79,328	83,248
Contributions and bequests	689,950	126,025		815,975	866,424
Convention	115,392			115,392	99,999
BENT publication	226,574			226,574	253,828
Life subscription fee transfers	12,868			12,868	12,639
Student loan interest	6,011			6,011	3,392
Miscellaneous & loss on disposal of equip.	72			72	(572)
Interest and dividends	124,594	102,956		227,550	249,223
Net gain (loss) on investments	408,393	206,358		614,751	(2,917,061)
Change in value of rec. fr. L.E. Record G.Tr.	0	0		0	9,550
Change in value of split-interest agreements	0		16,332	16,332	(9,915)
Satisfaction of program restrictions	120,481	(120,481)	0	0	0
TOTAL REVENUE	<u>1,939,808</u>	<u>314,858</u>	<u>16,332</u>	<u>2,270,998</u>	<u>(1,204,868)</u>
EXPENSE					
Program services:					
Chapter and initiate supplies	258,933			258,933	246,532
Cost of chapter and individual sales	77,085			77,085	71,076
Convention	340,117			340,117	270,531
District Program	201,791			201,791	182,471
Engineering Futures Program	153,130			153,130	139,886
Greater Interest in Government Program	6,999			6,999	3,968
BULLETIN publication	29,039			29,039	27,238
Student Assistance Program	1,353			1,353	1,276
Laureate Program	11,616			11,616	11,956
Advisor Award Program	5,303			5,303	4,563
BENT publication	463,890			463,890	475,050
Fellowship/Scholarship Program	310,432			310,432	313,795
Alumnus Program	13,058			113,058	10,497
Student Loan Program	5,674			5,674	16,287
	<u>1,878,420</u>			<u>1,878,420</u>	<u>1,775,126</u>
General and administrative	147,426			147,426	186,074
Alumnus Giving Program	242,774	0	0	242,774	247,642
TOTAL EXPENSE	<u>2,268,620</u>	<u>0</u>	<u>0</u>	<u>2,268,620</u>	<u>2,208,842</u>
CHANGE IN NET ASSETS	(328,812)	314,858	16,332	2,378	(3,413,710)
Net assets, beginning of year	<u>5,703,788</u>	<u>3,418,051</u>	<u>1,015,998</u>	<u>10,137,837</u>	<u>13,551,547</u>
Net assets, end of year	\$5,374,976	3,732,909	1,032,330	10,140,215	10,137,837

Financial statements have been audited.

total of 93,662 paid copies per issue. The total number of paid copies for the Summer 2003 magazine was 94,413.

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. Dechman, R.W. Rowland, 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 2002-03, the three issues contained a total of 22 pages, and 30,400 copies were printed. All issues were published 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 2003" were published in August and September, respectively. The Advisor's Book 2003 was updated and reprinted in March.

The other Tau Beta Pi descriptive brochures 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 121,000 hits. It contains much interesting material at www.tbp.org.

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