

Executive Director's Report

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

SECRETARY'S REPORT

OVERALL, THE QUASQUICENTENNIAL year 2009-10 exceeded expectations in nearly every respect, and the gain on investments in the trust returned to the black. Excellent support by alumni through volunteer efforts, bequests, and generous contributions was impressive, while corporate and university financial support of the Convention and THE BENT remained high. TBP-CONNECT, a popular online membership community of 7,300, grew by 2,400. The Financial Development Committee hosted receptions for alumni in 10 cities. MindSET, the TBP National K-12 Math & Science Program, received a major grant.

CHAPTERS

The 2009 Convention granted charters to Western Kentucky University and Boise State University, formally established as the Kentucky Gamma Chapter on February 27, 2010, and the Idaho Gamma Chapter on March 13, 2010. Accounts of the installations were published in THE BENT.

An inspection committee visited Embry-Riddle Aeronautical University last fall, and a petition from the school will be considered by the 2010 Convention. Two petitions for new chapters were received, and inspection teams will visit the local engineering honor societies at the University of San Diego and Fairfield University in September.

Tau Beta Pi chartered the new Philadelphia, PA, Alumnus Chapter, bringing the total to 60; 17 are active.

A total of 215 chapters (219 in 2009) completed annual surveys that listed approximately 1,200 projects. A report on the contents of the survey has been published in the September 2010 issue of THE BULLETIN, available online.

MEMBERSHIP

The chapters initiated 8,704 members in 2009-10, up 7.6% and the highest total in 14 years. This included 8,251 undergraduates, 337 graduate students, 67 alumni, and 48 eminent engineers. Tau Beta Pi's initiated membership on July 31, 2010, was 517,664, and an estimated 55,000 are deceased.

During the year, about 33,100 engineering students in the 236 TBP chapter schools were scholastically eligible for membership in the top one-fifth of their senior or the top eighth of their junior classes. About 42.2% of these were members of TBP at the close of the year, up from the previous year's 41.6%. About 2.8% were not initiated, chiefly because of their chapters' failure to hold spring ceremonies. The remaining 55% indicated a lack of interest in membership, down from 56% last year.

Tau Beta Pi chapter schools graduate about 91% of all B.S. engineers at 385 schools with ABET EAC-accredited programs and the other five schools without EAC-accreditation.

Twenty-seven chapters held only one election and initiation of new members, but all others held two or more. Three chapters held initiations without approval. One member resigned during the year, and none was expelled.

CONVENTION

The 104th TBP Convention was held in October 2009 in East Brunswick with New Jersey Beta as host. The meeting was fully reported in THE BENT and THE BULLETIN. The 2010 Convention will be hosted by Pennsylvania Alpha in King of Prussia. The 2011 Convention will be hosted by the Indiana chapters in Indianapolis.

The 2009 Convention: approved one amendment to the Constitution and Bylaws of the Association, which was ratified by the chapters, to require an Executive Council to take office within 11-14 months after its election; amended Bylaw XI to permit half-stipend scholarships to be awarded and clarify the duties of the Director of Fellowships; decided to use the standard reimbursement schedule for the 2010 Convention; accepted three appealed programs not accredited by ABET/EAC; recommended acceptance of the invitation from Kentucky Alpha to host the 2012 Convention in Lexington; and heard a status update on the K-12 MindSET Program.

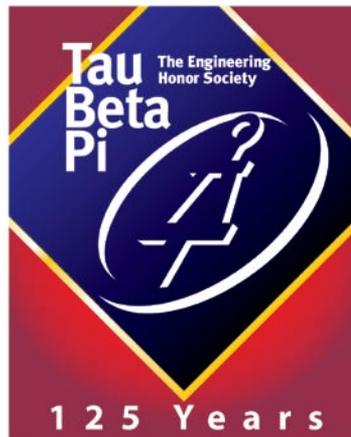
OFFICIALS

The TBII Executive Council, elected for the 2006-10 term and re-elected by the Convention for the 2010-14 term, comprises President L.A. Simonson, Ph.D., P.E., Vice President S.C. Dao, P.E., and Councillors J.F.K. Earle, Ph.D., P.E., J.A. Huggins, P.E., and N. Pih. Council meetings were held on Aug. 22, Aug. 29, Sept. 19, and Oct. 14, 2009, and Jan. 15, Jan. 26, Feb. 16, March 9, and June 11-12, 2010.

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 R.W. Pierce as Director of Engineering Futures. Members of the Fellowship Board include: Dr. S.L.R. Holl, and Maj. J.L. Jamieson; L.J. Hollander, P.E., resigned in June. The Trust Advisory Committee, which directs investment activities of the corporate trustee, includes R.F. Smith (chair), H.W. Lange, and J.W. Johnson Jr.

District Directors on July 31, were:

- District 1 Lynn B. Farrington, E.I.,
Selden J. Houghton
Matthew V. Paragano
Lauren J. Swett
- District 2 Anthony M. Olenik
Thomas A. Pinkham IV
Jason Rogan
George Youssef
- District 3 Dr. Edward P. Gorzkowski III
Alexander J. Rovnan
- District 4 Joseph P. Blackford
Lisa C. Gascoigne
Russell L. Werneth
- District 5 Curt G. Campbell
Rebecca A. Holcomb
Dr. Elizabeth A. Stephan
- District 6 Kassy M. Lum
Dee Anne Stirm
Ellen S. Styles
- District 7 Ellie R. Armstrong
David E. Dale
Andrew J. Flowerday
Curtis D. Gomulinski
- District 8 Stacey L. Forkner
- District 9 Robert C. Huck
Brenda A. Kramer
Adriann R. Sullivan
- District 10 Brian R. Buisson
Daniel A. Kamat***
Brandon M. Page
- District 11 Dr. James C. Hill
Sherry D. Jennings-King
- District 12 Wade A. Hull
Lindy M. Johnson, P.E.
Tricia E. Schwaller
- District 13 Jeffrey G. Dabling
Dr. Richard W. Mead
- District 14 Jeffrey A. Hester
Timothy M. Edgar
- District 15 Joseph R. Burnett
Scott E. Fable



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.

Patrick D. Homen

- District 16 Jason A. Corl
Scott V. Eckersall
Stacey H. Ross

(*** service anniversary of 18 years)

The International 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 eight additional employees (see *tbp.org*).

DISTRICT PROGRAM

Each District held at least one conference last year and conducted meetings during the 2009 Convention, and Directors visited many chapters during the year. The Directors and the Council cancelled the normal June 2010 meeting to reduce expenses.

ENGINEERING FUTURES

The TBII Engineering Futures Program presented a total of 195 training sessions by 40 volunteer facilitators to develop the leadership skills of student members during 2009-10. 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 carries reports by Tau Beta Pi's 76th fellowship group of 30 students, 17 with stipend, who were selected in the spring of 2009. The 77th group, comprising 27 students—15 with stipend, will do graduate work in 2010-11 and was announced in the Summer 2010 BENT. Fellows with stipends are paid cash grants of \$10,000 each. Eight 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 Florida Alpha for the excellence of its total program in 2008-09. Honorable mention was awarded to Michigan Gamma. The R.H. Nagel Most Improved Chapter Award went to Minnesota Alpha; there was no honorable mention.

The Council made two Chapter Project Grants under the Greater Interest in Government Program and the inaugural three Chapter Project Grants under the MindSET Program. Two new modules were prepared for MindSET. The Headquarters staff gave 56 Secretary's Commendations to chapters for the perfection of their reports to the Headquarters office in 2008-09 and 30 Chapter Project Awards for ingenuity and creativity in activities.

The 2010 Distinguished Alumnus Award will be presented at the Convention to Dr. Merl Baker, P.E., *KY A '45*.

The 2010 National Outstanding Advisor was selected in May by a national committee of engineering deans: Drs. P.M. Gerhart, P.E., (chair), R.J. Marley, and C.B. Schrader. The recipient of a \$1,000 cash award and an equal sum to be presented to his dean's discretionary fund is Dr. Robert E. Efimba, P.E., *MA B '63*, DC Alpha Chief Advisor.

The 2010 TBII-McDonald Mentor was selected in June by a committee of three District Directors. The recipient of a \$1,000 cash award with an equal sum to be presented to the Mississippi Alpha Chapter is Dr. Donna S. Reese, *MS A '79*.

During the year, the Executive Council gave seven Resolutions of Appreciation, one Superior Service Award, and six Distinguished Service Awards to collegiate chapter advisors and national officials for long and outstanding service.

LAUREATES

A selection committee of three District Directors chose five Laureates from 14 nominees. [See page 24.]

SCHOLARSHIPS/GRANTS

The 12th group of 102 TBPI Scholars, who will complete their undergraduate engineering studies in 2010-11, was announced in the Summer BENT. Each Scholar receives a cash grant of \$2,000. Since the program began in 1999, Tau Beta Pi has given and committed \$1,916,000 to 960 students. The one-time Richard H. Stanley Distinguished Alumnus and the inaugural George P. Mitchell, TX Δ '40, and M.R. Lindeburg Scholarships were awarded.

In the TBPI Chapter Performance Scholarship Program, \$8,500 was made available to students to be selected by 17 chapters.

Six \$1,000 grants for the first year of college study in 2010-11 for incoming freshman engineering students were provided by the Society (for a 12-year total of 77) through the national program conducted by the Society of Automotive Engineers. No Special Assistance Grant was made.

CONTRIBUTIONS FROM ALUMNI

Tau Beta Pi's 2009 Annual Giving Campaign brought gifts of \$805,483 (down 6%) from 12,157 donors (down 3%), including 513 new donors (down 13%). Their names were published in the Winter and Spring 2010 issues of THE BENT. Included in the total is \$19,288 allocated to the Fellowship and Scholarship Programs from 219 companies that match gifts from employees. The 2010 Giving Program began in February, and the response by July 31 reached \$568,000 from 8,020 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.

President Simonson and others visited with alumni at receptions in Pasadena, CA; San Diego, CA; Phoenix, AZ; Naples, FL; Louisville, KY; Detroit, MI; Dayton, OH; Knoxville, TN; Houston, TX; and Arlington, VA.

OTHER ACTIVITIES

Tau Beta Pi has maintained its affiliations with the American Association for the Advancement of Science and the Association of College Honor 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.

The Society was included as an eligible organization on the 2010 Combined Federal Campaign national list. Tau Beta Pi operates its own web-based job board—The Best People—and made extensive improvements in adding other valuable benefits to members. The AlumNet Program, an electronic mentoring service to foster student-alumnus interactions, has operated effectively since 2001 under Dr. Amy K. Forbes, Administrator. The Association was a contributing society to National Engineers Week 2010.

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 16 states. Collegiate chapters are separately classified under Section 501(c)(7) of the code, but Michigan Gamma is pursuing a classification change to Section 501(c)(4).

TREASURER'S REPORT

THE FINANCIAL CONDITION of TBPI at the close of the fiscal year was improved because of two large bequests, generous giving by alumni, and substantial investment capital gains. Revenue over expense was \$2,381,000. Assets grew in 2009-10 by \$2,140,000 to a total of \$19,058,000.

FINANCIAL POSITION STATEMENT

The several named trust funds are commingled and invested under the jurisdiction of the TBPI Trust Advisory Committee. The trustee is the trust department of the PNC Bank in Cleveland, OH. The trustee performed satisfactorily during the year.

Investment earnings of the funds, less trustee fees and including capital gains, 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 MindSET and Greater Interest in Government Programs, helping to support the Convention, and financing many useful activities of the collegiate chapters. Overall net earnings of the investments, including security sales and market losses,

were 14%; the previous year's figure is -17.7%. Paid investment earnings were \$265,000; net investment market gains were \$1,947,000.

Securities held by the trustee on July 31, 2010, are carried at market value of \$17,467,000, an increase of 10.6% from the previous year, and comprise holdings in 11 non-overlapping, no-load mutual funds. Equity securities constituted 90% of the total trust funds.

The current liability in fellowships and scholarships is for those stipends committed in 2009-10 for payment in 2010-11 to student winners. The 2010 Convention liability includes the assessments paid by new initiates during the year and \$20,000 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 decrease in BENT life subscription liability was countered by the 381 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, 2010, at their enrollment-fee prices, less an actuarial proportion of \$1,209,156 recognized as revenue since 2004. Upon the deaths of life subscribers, their paid fees are transferred on the books to the Fellowship Fund and are reported as revenue.

The net assets of the Association increased by \$2,381,000 because of increased contributions from alumni and trust investment gains of \$1,947,000. A subsidiary report details the changes during the year in individual funds, most of which increased because of the loss in market value.

The L.E. Record Scholarship Fund grew by \$437,000, Vincent A. Stabile Scholarship Fund by \$338,000, the Convention Fund by \$221,000, the Fellowship Fund by \$118,000, and THE BENT Life Subscription Fund balance by \$57,000, but the Engineering Futures Fund fell by \$28,000, and the Program Development Fund declined by \$80,000 to pay District Program expenses. A new Charles O. Forge Fellowship Fund and Charles O. Forge Scholarship Fund were established after a generous bequest, with spending priority for student members of the California Gamma Chapter.

THE TAU BETA PI ASSOCIATION
STATEMENT OF FINANCIAL POSITION
 On July 31, 2009 and 2010

ASSETS

<i>Current Assets</i>	<i>2010</i>	<i>2009</i>
Cash and cash equivalents	\$ 466,044	\$ 226,652
Accounts receivable:		
Chapters	49,644	28,126
Student loans	23,270	24,709
BENT life subscription installments	9,117	10,966
Trust contributions	200,000	1,000
Other	14,691	7,680
<i>Total Receivables</i>	<u>296,722</u>	<u>72,481</u>
Inventory	25,802	27,942
Split-interest agreements, current portion	69,161	68,393
Prepaid expenses	10,852	15,138
<i>Total Current Assets</i>	<u>868,581</u>	<u>410,606</u>
<i>Depreciable: Furniture and equipment</i>	213,407	202,366
Less accumulated depreciation	<u>-183,993</u>	<u>-175,098</u>
<i>Total Depreciable</i>	29,414	27,268
<i>Other Assets</i>		
Investments	17,476,268	15,804,215
Split-interest agreement net of cur. portion	<u>684,483</u>	<u>676,874</u>
	\$18,160,751	\$16,481,089
TOTAL ASSETS	\$19,058,746	\$16,918,963

Financial statements have been audited.

LIABILITIES AND NET ASSETS

<i>Current Liabilities</i>	<i>2010</i>	<i>2009</i>
Accounts payable		
Chapters	\$ 6,131	\$ 6,131
Laureate awards	12,500	10,000
Fellowships/Scholarships	369,000	638,000
Other	12,579	12,579
Accrued expenses	33,819	35,867
Annuity payable, current portion	13,137	13,137
Deferred Convention revenue	80,893	62,581
Deferred BENT revenue, current	<u>58,804</u>	<u>56,276</u>
<i>Total Current Liabilities</i>	586,863	834,571
Annuity payable, net of current portion	64,027	67,380
Deferred BENT subscription revenue	73,678	69,600
THE BENT life subscriptions	<u>1,276,739</u>	<u>1,271,619</u>
<i>Total Long-term Liabilities</i>	<u>1,414,444</u>	<u>1,408,599</u>
TOTAL LIABILITIES	2,001,307	2,243,170
<i>Net Assets</i>		
Unrestricted:		
Undesignated	250,828	(312,948)
Designated	6,461,839	5,435,333
Temporarily restricted	5,138,158	4,355,171
Permanently restricted	<u>5,206,614</u>	<u>5,198,237</u>
TOTAL NET ASSETS	<u>17,057,439</u>	<u>14,675,793</u>
TOTAL LIABILITIES & NET ASSETS	\$19,058,746	\$16,918,963

STATEMENT OF ACTIVITIES

Chapter and initiation fees (shown less THE BENT subscription portion) were up by \$18,000.

Convention revenue consists of assessments for the 2009 Convention, \$53,750 in industrial gifts, and \$71,211 from 99 alternate delegates and visitors.

Overall contributions and bequests rose by \$1,004,000. Total gifts from alumni and matching corporations in the two annual giving programs in 2009-10 amounted to \$871,914 (up 3.6% from 2008-09). The Association is deeply grateful to the 12,156 members who contributed during the year.

BENT publication revenue fell by \$41,000 aided by the eighth-highest total of recruitment advertising; expenses fell by \$62,000. Total investment earnings and market gains on the Life Subscription Fund grew by \$1,058,000. In 2009-10, the invested fund earned \$1.51 per life copy delivered, compared with the previous year's loss of \$2.61. Earnings per life copy exceeded cost by \$0.21, versus last years' excess expense of \$4.08 per copy.

The total of interest and dividends in 2009-10 fell by \$208,000. The net gain on investments was \$1,947,000, reflecting reported changes in market value.

The 10 major chapter programs (the first 10 under Expenses) usually show

an operating loss. Convention expenses dropped 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 \$282,000 because fewer scholarships were given. (Revenue for these awards includes all matching gifts from corporations and alumnus contributions specifically earmarked by donors.) Since the Fellowship Program was inaugurated in 1929, TBPI has given and committed \$5,140,395 in stipends to 928 Fellows and \$1,915,000 to 960 young Scholars. Fellowships and scholarships comprise the major philanthropic program of the Society—made possible by gifts from alumni, friends, 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, and a four-year subscription to THE BENT. The national fee has been \$32 since August 1, 2004. In addition, new members were charged an assessment of \$7 for partial support of the annual Convention.

STUDENT LOANS

Only three new loans were made to members in 2009-10 for a total of \$7,500. None was for the amount of TBPI's initiation fee. Three loans were repaid, and two were written off during the year, leaving 10 outstanding on July 31, 2010, with a principal balance of \$23,300. Since inauguration in 1932 of the program, 1,777 loans have been made to student members for a total exceeding \$850,000.

EDITOR'S REPORT

THE BENT

During 2009-10, the four issues contained a total of 224 pages, and 383,815 copies of the magazine were available for paid subscribers. This is a 1% increase in paid copies above the previous year's circulation total. Engineering and graduate-school recruitment advertising for the year totaled 15.8 pages, a 23% decrease from the previous year. Total production cost of the magazine per paid copy was \$1.29, down from \$1.47 the preceding year.

New BENT life subscribers added during the year numbered 381 (down 15%) bringing total life subscriptions to 78,865. Of all the life subscribers enrolled since 1929, when the plan was instituted, 9,531 are deceased, and their fees total-

THE TAU BETA PI ASSOCIATION

STATEMENT OF ACTIVITIES

For the years ended July 31, 2009 and 2010
(With summarized financial information for the year ended July 31, 2009)

REVENUE	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2010</i>	<i>2009</i>
Initiation and chapter fees and fines	\$ 209,635			209,635	191,890
Chapter and individual sales	114,901			114,901	108,107
Contributions and bequests	1,703,083	202,086	0	1,905,169	901,158
Convention	181,598			181,598	163,216
THE BENT publication	236,208			236,208	277,127
Net life subscription fee transfer	16,246			16,246	54,037
Student loan interest	1,171			1,171	1,423
Miscellaneous/ Net gain on equipment sales	31,790			31,790	30,940
Interest and dividends	131,688	221,264		352,952	561,573
Net gain (loss) on investments	967,857	980,062		1,947,919	(4,033,908)
Change in value of split-interest agreements			8,377	8,377	44,882
Net assets released from restrictions	<u>620,425</u>	<u>(620,425)</u>	<u>-</u>	<u>0</u>	<u>0</u>
TOTAL REVENUE	4,214,602	782,987	8,377	5,005,966	(1,699,555)
EXPENSE					
Program services:					
Chapter and initiate supplies	252,975			252,975	263,350
Cost of chapter and individual sales	103,526			103,526	97,066
Convention	467,243			467,243	537,244
Advisor Program	14,600			14,600	18,845
Alumnus Program	43,311			43,311	37,275
BENT publication	496,233			496,233	558,147
BULLETIN publication	16,572			16,572	26,873
District Program	220,183			220,183	277,523
Engineering Futures Program	133,178			133,178	148,890
Fellowship & Scholarship Program	442,884			442,884	724,995
Greater Interest in Government Program	5,912			5,912	4,355
K-12 MindSET Program	50,026			50,026	20,604
Laureate Program	19,641			19,641	17,224
McDonald Mentor Program	5,577			5,577	5,773
Student Assistance Program	1,785			1,785	1,710
Student Loan Program	<u>11,230</u>			<u>11,230</u>	<u>11,137</u>
Total program services:	2,284,876			2,284,876	2,751,011
General and administrative	98,201			98,201	88,314
Alumnus Giving Program	<u>241,243</u>	<u>0</u>	<u>0</u>	<u>241,243</u>	<u>234,064</u>
TOTAL EXPENSE	2,624,320			2,624,320	3,073,389
CHANGE IN NET ASSETS	1,590,282	782,987	8,377	2,381,646	(4,772,944)
Net assets, beginning of year	<u>5,122,385</u>	<u>4,355,171</u>	<u>5,198,237</u>	<u>14,675,793</u>	<u>19,448,737</u>
Net assets, end of year	\$6,712,667	5,138,158	5,206,614	17,057,439	14,675,793

Financial statements have been audited.

ing \$277,418 have been transferred to the Fellowship Fund in accord with the Constitutional requirement.

An average of 202 copies per issue in 2009-10 was delivered to annual renewal subscribers, 31,590 copies to original four-year subscribers, and 64,162 copies to life subscribers, for a total of 95,954 paid copies per issue. The total number of paid copies for the Summer 2010 magazine was 96,522.

THE BENT carries articles on general professional topics in engineering, news about TBPI 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, J.L. Brad-

shaw, and F.J. Tydeman.

Publication of THE BENT is a major activity of the Headquarters staff. By Bylaw provision, the Secretary-Treasurer of the Association serves as editor.

THE BULLETIN

During 2009-10, the three issues contained a total of 23 pages, and no copies were printed. All issues are available on the website. Published chiefly for the information of the student members and the advisors of the collegiate chapters, the newsletter is a valuable means of exchanging project ideas and distributing information and instructions on chapter operations. The Executive Director serves as editor of THE BULLETIN.

WEBSITE AND OTHER PUBLICATIONS

A new edition of the *Constitution and Bylaws and Eligibility Code* was published in May. The *Information Book 2010* was published in October.

Other descriptive brochures and promotional materials were updated and reprinted during the year for chapter use.

The website received improvements throughout the year and more than 3,800,000 visits. It contains much interesting operational and historical information at tbp.org.

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