



Chat Questions

Please find below the answers to questions received during the Advisory Group meeting and/or on the meeting evaluation. If you have any additional questions, please contact us at governance@assp.org.

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- 1. Question:** Does ASSP have appointed or elected organizers or recruiters in each region? Not just to encourage new members but also to encourage and build excitement for participation for current members?

Answer: We have elected leaders within each of the nine ASSP regions. These leaders are responsible for the effective operations of their region and the areas and chapters within that region. Our chapters provide local member engagement opportunities designed to promote the OSH profession and ASSP, and to help make members better safety professionals. Please find more information on our chapters and regions at <https://www.assp.org/membership/communities/local-chapters>

Additionally, our annual operating budget and workplan supports market strategy, research and campaigns designed to grow, retain and deepen member engagement on a global scale.

Finally, one of ASSP's greatest strengths is our dedicated community of 36,000 OSH professionals. Members recruiting members to be part of the community and/or to participate has a powerful impact. Simply inviting a colleague to attend a chapter meeting or sharing an issue of PSJ can encourage involvement, which further builds our professional community and improves the OSH profession.

- 2. Question:** I notice the words on everyone's background who is speaking. I am intrigued - what do these words mean?

Answer: The words on the Zoom backgrounds were each individual's top five strengths according to the results of their [CliftonStrengths assessment](#). As an organization, we support a strengths-based culture and positive performance approach that is anchored in Gallup's research. Through our Leadership Development Experience, our Society elected leaders and staff complete the CliftonStrengths assessment to develop a common language to talk about how each person contributes to team success and how we can better collaborate and perform effectively.

- 3. Question:** Will Advisory Group members have a three-year term also?

Answer: Advisory group terms are defined in the bylaws and are aligned with if an advisory group member is elected by their chapter or Society membership or serving as a member at-large. For example, members-at-large serve a one-year term, practice specialty and common interest group administrators and assistant administrators serve 2 years each and vice-president's terms are 3 years.

- 4. Question:** What is the relationship between ASSP, ASAE and Tecker International? The logos of these other two firms were shown at the bottom of one of the slides shown during the Advisory Group meeting.





Answer: ASAE is the American Society of Safety Executives. They are a member organization that provides education, best practices, research, tools and resources for the association profession. Many of our professional staff are members of the organization and use their resources to benchmark ASSP against other like organizations.

Tecker International is a consulting firm that specializes in non-profit professional organizations like ASSP. We have worked with them on several governance engagements in the past. Additionally, each year, ASSP's president and CEO participate in an executive symposium delivered by Tecker International and offered by ASAE.

5. Question: Who exactly is our primary competitor?

Answer: Market competition is accelerating, a trend that most non-profit professional organizations are experiencing. Competition comes from other non-profit professional organizations serving safety professionals; professional credentialing organizations serving safety professionals; and for-profit companies serving safety professionals with free content and education.

As an organization, we strive to provide a unique value that enables us to effectively serve our members, the broader OSH community and business stakeholders in an increasingly crowded marketplace. We believe that by focusing our efforts on value delivery that is unique to ASSP, we can continue to support members and the companies and workers they serve.

6. Question: What are ASSP reserves and how does ASSP justify the amount of reserves and tie it to the mission/vision?

7. Question: Why are we speaking about profit if we are a nonprofit organization?

Answer: *These two questions are related, so we are addressing them together.*

ASSP Overview: ASSP is a nonprofit organization under IRS code section 501c(6). As a result, ASSP is exempt from federal income tax and generally from state income tax as well. ASSP is incorporated in the state of Illinois and is subject to the same rules and regulations that govern all business organizations in the state. In accordance with federal law, we annually file an IRS tax form 990, and according to our bylaws, we are audited annually by an independent accountant.

There are different types of nonprofit entities. ASSP is not a charity, school or religious organization. ASSP pays sales tax, real estate tax and, as an employer, employment taxes. At the same time, we do not receive charitable contributions or government grants. So, like a for-profit business, ASSP must generate its own revenue (which we collect through dues and nondues revenue); and must manage and pay its own expenses (which include the cost of conferences and education as well as salaries and benefits). In addition, like a for-profit business, our revenue is not guaranteed while our expenses are generally fixed, at least in the short term.

Given this landscape, we work to generate a surplus of revenue over expense, "a profit," to pay the expenses of running the association and pursuing our mission. Since we may have a loss in some years (that is, expenses are greater than revenue), we also need resources to cover those losses. That is why we accumulate "reserves" when we can. Reserves can be thought of as ASSP's "rainy day" fund, providing a source of funds for operating costs and unexpected expenses. Reserves also allow us to fund large long-term costs such as the cost of information systems or other capital expenditures.





It's important to note ASSP is like thousands of other 501c(6) organizations throughout the country that try to operate at a profit and accumulate reserves. American Society of Association Executives (ASAE) regularly publishes benchmark financial data to assist associations.

ASSP Reserves: Over a long period, ASSP has accumulated reserves. These reserves are invested in a diversified portfolio of stocks (equities) and bonds (fixed income) that is currently managed by Vanguard Institutional Advisors with oversight by the Finance Committee. The Board of Directors has ultimate responsibility for the reserves and the Society's overall financial position.

As with all stocks and bonds, the value of our reserves changes daily. As of March 31, 2022 (end of fiscal year 2022), reserves totaled about \$10.4 million. With the recent downturn in markets, the portfolio value was \$9.6 million on July 31, 2022. By comparison, the value as of March 31, 2020, just as the COVID-19 pandemic was unfolding, was about \$7.4 million. Clearly, the market is volatile, and the value of the portfolio increases or decreases with changes in investment results. It's also important to note we have not added more funds to reserves since 2018 and have not withdrawn funds since 2015. Instead, over a long period, market results have led to an increase in our reserves.

Our goal is to manage organizational resources to ensure long-term financial stability for our members, employees, and other stakeholders. Three key facts reflect the prudence of that approach: 1) we have no long-term debt; 2) there is no mortgage on the headquarters building; and 3) our reserves are invested in a diversified portfolio to minimize risks while generating reasonable returns.

Liquidity: ASAE defines "liquidity" as an assessment of an association's ability to meet short-term obligations out of currently available funds. The expendable fund balance/total expenses ratio — also known as the primary reserve ratio — is a measure of financial stability that indicates whether the association could cover expenses if operating revenue remained stationary. It is generally recommended this ratio be **at least 0.40**.

For ASSP, with budgeted expenses of \$16.3 million for fiscal year 2023, our primary reserve ratio is currently **about 0.59**. Given volatility in equity and fixed income markets, we believe our reserves are needed and appropriate.

8. Question: How do regions and areas support ASSP?

Answer: Under ASSP bylaws, regions and areas were chartered to support the effective operations of chapters and are legally part of ASSP operations. Their role ranges from making sure chapters are operating in compliance to helping chapters conduct effective succession planning, develop leaders and resolve conflict to ensure members are receiving value from their local member community.

9. Question: Please provide a link to the appropriate bylaw and Society Operating Guidelines (SOG) related to the Advisory Group.

Answer: Bylaws: <https://www.assp.org/about/society-bylaws-and-guidelines/society-bylaws#art14>

SOG: https://www.assp.org/about/society-bylaws-and-guidelines/society-operating-guidelines/sog-section-4_1

