

Financial Considerations

AHS International is organized to accomplish the missions, objectives and goals as outlined in the current Bylaws. It is assumed that adequate revenue raising efforts will be undertaken to accomplish those missions, objectives and goals.

The following are the major revenue producing activities in the Society:

International Level:

- Membership dues: individual, educational and corporate.
- Annual Forum activities including exhibit sales, registration, sponsorship etc.
- Publications advertising and sales, i.e., *Vertiflite* and the *Journal of the AHS*.
- Publication and sale of technical papers, proceedings, etc.
- Sale of AHS novelty items, such as ties, caps, shirts, books, etc.
- Interest on reserve accounts.
- Revenue from special activities, meetings, etc.

Regional Level:

- Specialists' Meetings
- Regional social activities, picnics, etc.

Chapter Level:

- Monthly Chapter lunches, dinners, social activities, semi-technical activities.
- Chapter share of co-sponsored regional Specialists' Meetings.

The basic philosophy of revenue production from all of these activities is to provide quality professional services to the membership at reasonable rates while providing only the surplus required to efficiently conduct projects in pursuit of the Society's goals. The AHS is not a profit-oriented business.

In pursuit of this philosophy, all levels of management are encouraged to plan annual budgets and programs, and organize activities to provide for the revenue required to accomplish programmed projects.

Reserves:

Reserve liquid funds should be available at each level to cover one year's activities, if major revenue producing activities are curtailed for some unforeseen reason. At the national level, this amounts to the revenues derived from Forum activities. At the regional and chapter levels this may be minimal, consistent with programmed annual activities. Both regions and chapters are encouraged to have some minimal reserve in an interest-bearing account to cover the bills for at least one luncheon or dinner activity or the proceeds from a specialists' meeting or major social activity programmed for use in pursuit of Society objectives.

Loans:

It is not expected that Society activities will require commercial loans. Instead, if a chapter plans an activity that requires advance funds or needs funds for initial activation, etc., first, the region will be asked to provide these funds on an interest-free loan basis, repayable at the completion of the activity. If the region cannot meet the loan requirement, AHS headquarters will be requested and, with the approval of the Board, will provide an interest-free, repayable loan. The same applies for regional functions. AHS headquarters will not take out commercial loans without Board approval. Regional and chapter organizations shall not take out commercial loans.

Society Finance Committee:

The Society has a volunteer Finance Committee, made up of financially qualified appointees by the Society Secretary/Treasurer. This Committee reviews and approves the annual budget submitted by the Executive Director to the Board. The Committee also provides an annual finance report to the Board at the Forum Board meeting. It also provides investment guidance for reserve funds. Committee consultation is available to the regions and chapters.

Audits:

A full annual audit, by a qualified independent auditor, will be performed on the financial activities at the end of the fiscal year with a report submitted to the Finance Committee and Board. Audits are not required of the regional or chapter activities but may be accomplished at the discretion of the Regional VP or Chapter President. Annual financial reports will be submitted to AHS headquarters at the end of each fiscal year, no later than March 1st of each year.

Income Tax:

The AHS has three IRS identifiable activities. The national headquarters, as a separate entity, is a qualified not for profit organization under IRS Code 501(c)(6) – a “business league” – and files an annual return on IRS Form 990. [The Society submitted the necessary paperwork in May 2012 to be recognized as a 501(c)(6); this is expected to be approved by the end of 2012 or early 2013.] The Vertical Flight Foundation is qualified under IRS 501(c)(3) as a not-for-profit educational organization and files a separate annual return, also on Form 990. The third entity is the AHS Group Return entity that is made up of all subordinate elements and is also qualified as a 501(c)(6) not-for-profit organization. AHS headquarters collects the financial reports from the regions/chapters and files the AHS Group annual report.

To maintain the non-profit IRS qualification, excessive profits cannot be accumulated and profit making activities outside the scope of the AHS’s purposes must be minimized. The proceeds from revenue producing activities should not be returned to membership in a matter that can be construed as profit sharing or return investment, salary, etc., but should be used exclusively on non-profit qualified activities.

Transfer of Funds and Accounts:

At the end of his/her term of office, each regional VP or Chapter President, will be responsible for the orderly transfer and accounting for the funds of the respective chapter/region to his/her successor. Adequate files for financial accountability should be maintained for a minimum of three years.

Suggested Uses of Excess Funds:

It is difficult to project funds from events such as specialists’ meetings that depend heavily on unpredictable attendance. When a loss is incurred, the reserves can be applied.

When projected or excess surplus is realized, numerous Society-related activities are available for use of these funds. Examples include:

1. Designated contributions to the Vertical Flight Foundation (VFF) for annual scholarship awards.
2. Award of regional/chapter funded honorary memberships to qualified non-member personnel.
3. Support of the annual Lichten Competition with chapter/regional awards; pay for travel and lodging for regional competition.
4. Funding to support membership activities, and regional/chapter awards.
5. Support of local student activities. Fund paper competitions, student dinners at chapter meetings, etc.
6. Local activities to support increased helicopter acceptance/utilization. For example, sponsoring a two-day Emergency Medical Service symposium in conjunction with a local medical activity.
7. Activities to increase public acceptance and awareness of vertical flight aircraft, e.g. sponsorship of local activities where literature can be handed out.
8. AHS headquarters should be reimbursed by chapters sponsoring specialists' meetings for direct marketing, printing, and postage costs incurred by the Society in supporting such meetings.
9. The chapters should be encouraged to voluntarily share some portion of the proceeds from financially successful meetings with AHS Headquarters and the Vertical Flight Foundation.
10. Chapters sponsoring financially successful specialists' meetings are requested to provide 25% of all net proceeds after expenses for Specialists' Meetings to AHS headquarters.

Solicitation of Funding Support for Activities:

The solicitation of support, either monetary or other, from suppliers and other entities involved in the general category of helicopter activities should be conducted in good taste and not in any manner that can be interpreted as "pressure" tactics or a compromise of purchaser/supplier relationships. Chapters and Regions should also be sensitive to the fact that many of the same companies are solicited for funds for both local activities and the Annual Forum.

Inter-Relationship Between AHS Headquarters and Regions/Chapters

AHS International is principally a volunteer organization to pursue the missions and objectives as published in the Bylaws.

AHS headquarters is staffed by the only full time Society employees. Its purpose and mission, relating to internal Society functions, include but are not limited to the following:

- Provide the overall day-to-day administration and management of the entire Society.
- Provide the administration, management and support of the Technical Council, technical committees, other committees, regions, chapters, corporate and individual members and the Board of Directors to allow these to function on a volunteer basis.
- Plan and execute the Annual Forum, to include advertising, exhibits, program and proceedings.
- Produce the Society's publications to include *The Journal of the American Helicopter Society*, *Vertiflite*, the Annual Forum Proceedings, Specialists' Proceedings, technical papers and related publications.
- Maintain a technical paper library for the benefit of all AHS members, as well as on-line access to *The Journal of the American Helicopter Society* and other Society publications.
- Represent the AHS before all outside related organizations, i.e., AIAA, HAI, AIA, IHST, RWSI, etc., as well as government agencies and the media.
- Administer all legal and tax-related activities of the national, regional and chapter levels.
- Maintain a financial base to start and support, when required and approved by the Board, additional elements within the Society.
- Provide membership services, rosters, mailings, recruitment, etc. in support of regional/chapter activities.
- Implement the directions and guidance of the Board of Directors.
- Assist with AHS Specialists' Meetings including marketing, program creation and registration.

The mission and purposes of all-volunteer regional level relating to intra-Society functions include but are not limited to the following:

- The regional Vice President represents the chapters and membership of that region on the Board of Directors of the AHS. The VP also implements the guidance of the Board within the regional area.
- Regions may or may not have a regional staff of volunteers, at the discretion of the regional VP.
- Within each region, at least one specialists' meeting is expected to be conducted every three years in conjunction with an AHS committee(s). This meeting must be conducted in accordance with the technical guidelines provided in this Officers and Members Guide, and with the guidance and support of AHS headquarters.
- AHS headquarters may make a loan to support these regional activities fully repayable without interest immediately after the event.

- In May 2012, the AHS Board of Directors approved a new revenue sharing procedure for Specialists' Meetings, instead of chapters reimbursing headquarters for various expenses. Instead, 25% of all net proceeds after expenses for Specialists' Meetings should be provided to AHS headquarters for its general fund. (This is not mandatory, but all Chapters are urged to do so in order to support a healthy AHS.) In addition, subject to the spending plans and the affordability of doing so, chapters and regions are encouraged to provide funds to headquarters whenever possible.
- Funds within the regional treasury may be utilized to support regional activities in pursuit of AHS objectives such as the annual Lichten competition, human-powered helicopter development, recruiting membership, starting new chapters, student activities, etc.
- Charges for specialists' meetings should be kept to a minimum for members, but pay all expenses of the meeting and allow for a surplus adequate to conduct regional activities for the period between specialists' meetings.
- All regional activities that impact beyond the geographic boundaries of the region, such as specialists' meetings, require approval of the Board of Directors.

The mission and purposes of all-volunteer chapter relating to intra-Society functions include, but are not limited to, the following:

- Chapters will be organized wherever the membership will support its objectives.
- Normally, initial funding requirements will be provided by the regional treasury. AHS headquarters may support on a loan basis or by a grant.
- Chapter meetings addressing subjects pertinent to the AHS objectives are encouraged on a monthly basis, less the three summer months. Other activities, limited to the support of the Society objectives, are encouraged.
- Activities beyond the chapter's geographical area require the regional vice president's approval.
- Charges for chapters' activities will be consistent with providing adequate surplus to address future expenditures in pursuit of Society goals, provided that such charges are kept to the minimum expenses for members.

Chapter/Regional Treasury Guidelines

Outlined below are guidelines for chapter and regional treasurers.

AHS is considered by the U.S. Internal Revenue Service (IRS) as an "Organization Exempt from Income Tax" under Section 501(c)(6). To maintain this status, it is necessary for AHS chapters and regions to comply with the chapter/regional treasury guidelines.

1. Each chapter and region must keep a complete, but simple set of books (a spreadsheet is adequate) showing revenues, expenses, and balances at the end of a fiscal year. All funds received by a chapter or region should be deposited and all expenses paid by check in order to insure a proper accounting trail. Dinner and luncheon costs should not be paid from undeposited proceeds from ticket sales. Below are workable definitions of some accounting terms for your information:

Gross Revenue: All funds received by the chapter or region, regardless of source or purpose. [Contributions of service or products, such as promotional items received by a chapter or region would not be included in Gross Revenue.]

Gross Expense: All funds spent by the chapter or region for any purpose.

Net Position (Positive): Excess of Gross Revenue over Gross Expense.

Net Position (Negative): Excess of Gross Expense over Gross Revenue.

Revenues (Examples): Contributions, Dinner/Luncheon Receipts, Cash Bar Receipts, Sales of Publications, Interest, etc.

Expenses (Examples): Dinner/Luncheon Costs, Bar Costs, Contributions, etc.

2. Since the fiscal year of the Society is January 1 to December 31, the Society requests that each chapter and region record their finances on a fiscal year of January 1 to December 31 to be in accordance with national fiscal policies.
3. The Society recognizes a distinction between regional and chapter activities, and, thus the finances pertaining to each should be handled separately, i.e. the finances of specialists' meetings sponsored by a region should not be handled through a chapter account, but, rather, the region should establish an account for the purpose of handling the finances of the specialist meeting. The same applies to regional events, such as golf tournaments, etc.
4. Each chapter and region should perform a simple "self audit" by a panel of chapter or regional members annually.
5. Following the close of the fiscal year of December 31, each chapter and region should file a fiscal report with the AHS headquarters showing revenues, expenses, and net position for the fiscal year (see the Chapter/Region Fiscal Report on the following page). All chapters and regions should file fiscal reports WHETHER OR NOT there has been any fiscal activity.

If you have any questions on these guidelines, please contact AHS headquarters at 703-684-6777.