



Manual of Organization & Operation 2024-2025

Updated: _____ 2025

Connect. Engage. Impact.

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Statement of Mission, Principle and Purpose

Board Approved June 22, 2017

Tax Executives Institute, Inc. is the preeminent global association of in-house tax professionals. TEI's members are business executives responsible for the tax affairs of their employers in an executive, administrative, or managerial capacity. TEI serves its members and advances the profession by education, networking, and advocacy throughout the world.

Mission

The mission of Tax Executives Institute is to enhance and improve the global tax system and to serve its members, their employers, and society generally by facilitating interaction among, and the training of, members and their staffs, by effectively advocating its members' views, and by promoting competence and professionalism in both the private and government sectors.

Principle

Tax Executives Institute is dedicated to the development of sound tax policy, compliance with and uniform enforcement of tax laws, and minimization of administration and compliance costs to the benefit of both government and taxpayers. These goals can be attained only through the members' voluntary actions and their adherence to the highest standards of professional competence and integrity.

Purpose

- To create a global community of tax professionals and support their professional development and career progression, and thus the business entities for whom they work.
- To facilitate the global association of professionals whose work is principally concerned with administering the tax affairs of business entities and to enhance the role of tax executives in the management of those entities.
- To promote an awareness among business entities and government of the significance of both taxes and tax administration as a cost of business and a factor in global competitiveness, and of the importance of sound business tax management practices.
- To promote and support the improvement of the tax laws, and of their administration, at all levels of government throughout the world.
- To cooperate and exchange ideas with government tax officials for the purpose of identifying and resolving issues and problems in tax administration.
- To promote the interchange of ideas and mutual assistance among the members, and between the members and government tax officials.
- To promote high standards of competence, professionalism, and performance in business tax management and government tax administration.

- To obtain and disseminate information on the subject of taxation for the benefit of the members, their employers, and other interested parties, through educational programs, publications, or otherwise.
- To promote an inclusive culture that attracts, engages, and retains diverse tax professionals.

Standards of Conduct

Board Approved June 22, 2017

Because the Mission, Principle, and Purposes of Tax Executives Institute can be achieved only by the members' observance of the highest ethical standards, the Institute has adopted the following standards of professional conduct:

- The member accepts taxes as a cost of civilization and accepts the laws imposing taxes as the mechanism for distributing that cost among businesses, individuals, and other entities. The member will comply with those laws, whether or not agreeing with them.
- The member recognizes an obligation to minimize company tax liability, within the bounds of the law and to the extent consistent with policies or objectives of the company.
- The member recognizes an obligation to make an affirmative contribution to the sound administration of tax laws and to the development and adoption of sound tax legislation, by cooperation and consultation with the persons charged with those functions, having due regard for the interest of the company, its employees, and society as a whole.
- The member accepts each government representative as a responsible person who is a professional required to fulfill the obligation to collect tax in accordance with the law. The member will deal with the representatives on that basis, and will take occasion with others to uphold this view of government representatives. In case of any deviation by a government representative from that standard, the member will present the pertinent facts to the authorities authorized to take action with respect to the deviation.
- The member will present the facts pertinent to the resolution of questions at issue to representatives of the government imposing the tax.
- The member will employ assistants and outside representatives upon the basis of their technical competence, always having due regard for the highest standards of professional ethics.
- The member will create an inclusive and collaborative culture that encourages individuals with diverse backgrounds and talents to lead, contribute, and progress.
- The member will at all times recognize a duty of professionalism and will not use TEI membership to solicit business or sell products to other members.

By-Laws

Amended August 2024

Article I. Membership

Section 1(i). Full membership shall be open to persons not engaged in public tax practice who are employed by corporations and other businesses and are charged with the responsibility for directly or indirectly administering the taxation of their organization.

Section 1(ii). Student membership shall be open to persons who are enrolled full-time in either undergraduate or graduate programs that provide an appropriate foundation for a career in taxation. Student members shall not be employed full-time in a position consisting principally of administering taxes. Student membership shall continue until such time as the student member is no longer enrolled in a qualifying educational program and shall not exceed five (5) years. A student member shall pay reduced dues, shall have no vote in Institute-level balloting, and shall not be eligible to hold office in a chapter or in the Institute.

Section 2. As provided in Article VI, Section 3 of these By-Laws, the Board of Directors shall designate a Membership Committee that shall review and act upon applications for membership. Election to membership shall be determined by the Membership Committee, which shall act in accordance with these By-Laws and the guidelines established by the Board. Should the Membership Committee refuse an application for membership, the applicant may request the Board to review the Membership Committee's decision, and the Board may, in its discretion, elect such applicant to membership.

Section 3. Any member or former member who shall no longer be eligible for membership under the provisions of Article I, Section 1 of the By-Laws shall be eligible for emeritus membership, provided that any subsequent activities are not inconsistent with the Principle and Purposes of the Institute, that such emeritus membership will be confined to members or former members who have retired from qualifying employment and are not otherwise gainfully employed and, further provided, that such emeritus membership shall cease if such retirement ends and the individual becomes gainfully employed or self-employed. Election to emeritus membership shall rest in the discretion of the Membership Committee. Should the Membership Committee refuse an application for emeritus membership, the applicant may request the Board of Directors to review the Membership Committee's decision, and the Board may, in its discretion, elect such applicant to emeritus membership.

Section 4. Any person who shall have rendered conspicuous service in the field of tax administration and/or the activities of this Institute shall be eligible for honorary membership. Election to honorary membership shall rest exclusively in the discretion of the Board of Directors. Honorary membership shall continue in effect until terminated by the Board of Directors. An honorary member shall pay no dues, shall have no vote, and shall not be eligible to hold office in the Institute except as otherwise determined by the Board of Directors.

Section 5. The Board of Directors may authorize such membership certificates, scrolls, or certificates of honor, etc., as it may deem proper. The Board may, in its discretion and for any reason, require the return of any such membership certificates, scrolls, or certificates of honor, etc., to the Institute.

Section 6. Resignation from membership shall be effective when received by the Institute.

Section 7. Involuntary termination of membership for a member of any category may be effectuated only if the Board of Directors of the Institute shall find, as provided herein, that the member has committed an act prejudicial to the Institute or to its Principle and Purposes, or otherwise no longer meets the eligibility requirements prescribed in Section 1, 3, or 4 of this Article I.

Proceedings to terminate the membership of any member shall be commenced by a resolution of the Board adopted by two-thirds of those present at the meeting at which such resolution shall be considered and voted upon. Such resolution shall specify in detail the act or acts alleged as the basis for such involuntary termination of membership. The person against whom such proceedings are brought shall be promptly furnished with a copy of such resolution and shall be afforded an opportunity for a hearing before the Board with respect to the truth or falsity of the charges. Such hearing shall take place not less than sixty (60) days after such notification. After the conclusion of the hearing the Board shall make its decision in the matter, which shall be final; provided, however, that a decision to terminate the membership shall not be effective unless approved by at least three-fourths of the directors present at the meeting at which such decision is considered and voted upon. No person against whom proceedings for termination of membership shall be brought shall be entitled to vote on any matter in connection therewith.

Article II. Directors and Officers

Section 1. Except as otherwise required by law or provided by these By-Laws, the entire control of the Institute and of its affairs and property shall be vested in the Board of Directors. The Board shall consist of the following:

- All Officers of the Institute;
- Until otherwise changed by a majority action of the Board, one director from each chapter of the Institute; and
- The qualifying Past Presidents of the Institute who shall continue their membership and consent to serve as directors, provided that the size of the Board may not be reduced at any time if the effect of such reduction would be to remove an incumbent director.

Except as provided in Section 4 (in respect of Chapter Representatives) and Section 8 (in respect of vacancies) of this Article, directors shall be elected by the full members of the Institute at the Annual Meeting of Members and each director shall be elected to serve for such director's

respective term of office or until a successor shall be elected and shall qualify. The President of the Institute shall be the chair of the Board of Directors.

Section 2. The officers of the Institute shall be a President, a Senior Vice President, one or more Vice Presidents, and at the discretion of the Board of Directors, a Secretary, and a Treasurer, all of whom shall be full members of the Institute, who shall be elected in accordance with the procedure set forth in Article V, Section 5 of these By-Laws. Said officers shall hold office for one year or until their successors are elected and assume office. Any full member may hold two of the aforesaid offices and may also hold office as a director or as an officer or director of any chapter.

Section 3. The officers shall perform the duties which are usually performed by such officers, and such duties as may be assigned to them from time to time by the Board of Directors. The President, or in the President's absence the Senior Vice President, shall preside at all meetings of members of the Institute and both shall be *ex-officio* members, without vote, of all committees of the Institute, except the Nominating Committee. Further, in the event of the inability or incapacity of the President to carry out the duties of the office, such duties shall be performed by the Senior Vice President.

Section 4. Each of the Chapters shall have the right, once every two years, to elect a director who shall be a full member of the Institute to a two-year term (Chapter Representative). The terms of office with respect to directors from the chapters shall be staggered so that the number of directors elected from the chapters each year shall be one-half of the number of chapters of the Institute. The manner of the election shall be prescribed in the Chapter Regulations.

To the maximum extent possible, the tenure of a Chapter Representative shall be limited to two consecutive two-year terms. A Chapter Representative may serve a third consecutive term only if the chapter explains in a written report submitted to the Executive Committee prior to the commencement of such third consecutive term why it is in the best interests of the Institute to extend service in this way. Under a rebuttable presumption, a Chapter Representative may not serve more than three consecutive terms. A chapter can rebut the presumption and have a Chapter Representative serve more than three consecutive terms by submitting a written report to the Executive Committee explaining: i) the steps the chapter has taken to develop new leadership and identify a replacement, and ii) why it is necessary for the incumbent Chapter Representative to serve another term. Such process must be followed each succeeding two-year term that a chapter wishes to elect the same chapter representative.

Section 5. Past Presidents of the Institute who complete their service as President on or before the 2018 Annual Meeting of the Members, shall be nominated to serve on the Board each year as long as they continue their full membership and consent to serve as directors. Past Presidents of the Institute who complete their service as President after the 2018 Annual Meeting of the Members, shall be nominated to serve on the Board for up to six consecutive one-year terms following their service as President as long as they continue their full membership and consent to serve. Nothing in this section shall limit the eligibility of a Past President to serve on the Board as a Chapter Representative or an Officer.

Section 6. The Board of Directors shall hold at least two scheduled meetings annually. The first scheduled meeting shall be held immediately following the adjournment of the Annual Meeting of Members of the Institute. Notice of such meeting shall not be required. The second scheduled meeting shall be held at the call of the chair within 120 days subsequent to January 1 of each year. The Board of Directors may hold meetings other than the two regularly scheduled meetings at such places and at such times as it shall determine. The chair shall preside at all meetings. Meetings of the Board may be called at any time by the chair, or by any 10 members of the Board upon at least one week's notice to each director. One third of the members of the Board of Directors shall constitute a quorum for all purposes.

Any one or more members of the Board may participate in a meeting of such Board by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 7. The resignation of any officer or director shall be effective when accepted by the Board of Directors.

Section 8. If, by reason of resignation, death, ineligibility, or otherwise, any vacancy shall occur in any office, or in the Board of Directors with respect to a director who was automatically nominated for Board membership because of being elected an officer of the Institute, the Board of Directors shall elect a member of the Institute who satisfies established qualification requirements to fill such vacancy provided, however, that should a vacancy occur in the office of President, the Senior Vice President shall perform all of the duties of President until a successor has been elected by the Board of Directors.

If, with respect to a director from any chapter, a vacancy occurs or any new directorship is created by any increase in the authorized number of directors resulting from the institution of a new chapter, the board of directors of said chapter may elect a member from its chapter who satisfies established qualification requirements to fill such vacancy or to fill the newly created directorship.

Officers and directors elected as herein provided shall hold office only until the next Annual Meeting of Members, at which a director or directors who shall serve for the remainder of any unexpired term or terms shall be elected.

Section 9. All directors and officers nominated and elected as provided herein shall assume office at the conclusion of the Annual Meeting of Members, except that the officers and directors elected by the Board of Directors as provided in Section 8 of this Article II shall assume office immediately following their election by the Board of Directors.

Section 10. The Board of Directors may appoint an Executive Director, one or more assistant secretaries, and such other employees, agents, and professional or technical counsel, as it may from time to time determine are required, none of whom need be members of the Institute, and may fix and pay the compensation thereof and reimburse them for such expenses as it may deem proper. The Executive Director shall be an ex-officio member, without vote, of the Board of Directors (except

that the Executive Director shall not be deemed a director in ascertaining the number of directors under Article II, Section 1 or Article III, Section 4 of these By-Laws) and of all committees of the Institute except the Nominating Committee.

Section 11. The Board of Directors, at its first scheduled meeting, shall appoint an independent certified public accountant who shall examine the records and financial statements of the Institute for the current fiscal year and who shall submit a duly verified report thereon to the Board of Directors.

Section 12. No elected officer or director, including chapter officers and directors, shall receive directly or indirectly, any salary, compensation or emolument from the Institute or chapter, but reimbursement may be made for actual expenses when authorized by the Board of Directors.

Article III. Meetings

Section 1. The Annual Meeting of Members of the Institute shall be called within a period of forty-five (45) days subsequent to July 1 of each year, for the purpose of electing directors, as provided in Article II, Section 1 and for the transaction of such other business as may be presented thereto. All categories of members may attend the meeting, but only full members shall be entitled to participate in Institute-level balloting. A meeting so called may be adjourned on account of a lack of a quorum or for such other reasons as the President may for good cause determine, provided the meeting is convened as soon as practicable thereafter.

At the Annual Meeting of Members, the President shall make a report of the activities of the Institute since the preceding Annual Meeting of Members, including therein a summary of the total membership of the Institute and the Institute's financial results. The report of the independent certified public accountant referred to in Article II, Section 10 shall be filed with the records of the Institute. Copies of the report shall be furnished to the Board of Directors at its first scheduled meeting (including any adjourned date thereof) following the date that the report is finalized, and a copy of the report shall be filed with the minutes of such meeting.

Section 2. The Secretary shall call meetings of the Institute at such time and place as directed by the President or a majority of the Board of Directors. Such meetings may be held outside the State of New York.

Section 3. Notice of all meetings of the Institute shall be mailed to full members at least two weeks before the date of such meeting and shall state the time, place, and purposes thereof.

Section 4. Ten (10) percent of the full members of the Institute, whether present in person or represented by proxy, shall constitute a quorum for all purposes.

Section 5. All proxies must be executed in writing, provided by electronic mail or accomplished by other means that are valid under section 609(b) of the New York Not-for-Profit Corporation law, as amended. Proxies may be general or specific, and may be revoked at any time, but in any event shall

not be valid after the expiration of six months from date of execution. Revocation of proxies shall be made in writing mailed to or filed with the Secretary or by electronic mail with the Secretary.

Section 6. Notice of any meeting prescribed by these By-Laws may be waived in writing by a full member or director as the case may be.

Section 7. The order of business at any meeting, as set forth in the meeting agenda, may be changed by a majority of the full members present in person or represented by proxy. A motion to change the order of business shall not be debatable.

Article IV. Dues and Finances

Section 1. The amount of the annual dues of all member categories shall be established by the Board of Directors annually in advance, a portion thereof deemed to cover the cost of publication of *Tax Executive* and other publications of the Institute. The Institute shall remit annually to each chapter a pro-rata amount established by the Board of Directors from the dues paid by each full member of each chapter (i.e., excluding student members and emeritus members). The amounts so established shall be uniform throughout the Institute. The portion of the annual dues remitted by the Institute to the chapter is intended to defray the cost of chapter operations for postage, mailings, expenses of guest speakers and prospective members, and other normal administrative expenses, and the chapter may not collect additional dues from members. The chapter may, however, assess members for meals, beverages, and other costs of chapter functions.

The Institute's fiscal year shall run from July 1 to June 30. Dues payments shall cover this period, and the Treasurer of the Institute shall have the authority to prorate the dues of new members so that all members can be billed on the same date. Dues shall be billed at least sixty (60) days in advance of the beginning of the year, and thirty (30) days before the beginning of the year, an additional notice shall be mailed to unpaid members. At the beginning of the fiscal year, a notice of delinquency shall be mailed to unpaid members apprising them of their delinquency and of their ineligibility to receive any benefits of membership. The Board of Directors shall have authority to impose a late charge in respect of any member paying after the beginning of the Institute's fiscal year. If the period of delinquency continues for an additional thirty (30) days, the membership shall automatically terminate; the Board of Directors, however, may provide for subsequent reinstatement.

Section 2. The Board of Directors shall establish the policy for the deposit and investment of Institute funds, including chapter and regional funds. Such funds shall be disbursed upon the order or orders of such persons as may be prescribed by the Board of Directors.

Section 3. The fiscal year of the Institute shall end June 30.

Article V. Nominations

Section 1. The Board of Directors, at its first scheduled meeting, shall appoint a Nominating Committee, the chair of which shall be the immediate Past President. The members of the Nominating

Committee shall be the President, Senior Vice President, and the immediate Past President, and one member appointed from each of the regions represented by a Vice President. There shall also be appointed from each region, an alternate to serve as a member of the Nominating Committee in the event the member appointed from such region is unable to serve. All members and alternates of the Nominating Committee shall be full members of the Institute. The member and alternate from each region shall be appointed by the Board upon the recommendation of a caucus of the Board members representing the chapters within each respective region. The caucus shall be chaired by the Regional Vice President, or, in the absence of the Regional Vice President, by a Board member from the region, as selected by the President. A current Board member may also serve on the Nominating Committee so long as the Board member is not running for Institute officer (subject to the exception for qualifying representatives in circumstances described below in section 2(i)), is not a member of the Executive Committee (subject to the exception for the President and Senior Vice President who will also serve on the Executive Committee), or is not a Past President in the second year after serving as President. No member who served on the last preceding Nominating Committee shall be eligible for appointment to the Nominating Committee.

Section 2(i). The Nominating Committee shall make nominations for officers, except that the Senior Vice President shall automatically succeed to the office of President at the next Annual Meeting of Members by operation of these By-Laws. No member of the Nominating Committee shall be nominated for office by the committee unless the chair of the Nominating Committee in his or her sole discretion, not to be unreasonably exercised, authorizes an exception. The chair is authorized to grant exceptions for representatives from the Institute's non-North American chapters and regions provided no other member from the affected chapter or region is available to serve and replacement members of the Nominating Committee (described below in Article V, section 2(ii)). If such an exception is granted, the member serving the dual role as a member of the Nominating Committee and candidate for office shall leave the room during discussion of and voting on his or her candidacy, and reenter once voting for that position has concluded. Under no circumstances, however, shall a member serve on the Nominating Committee if that member is also a candidate for Secretary.

Section 2 (ii). Nominations for officers shall be decided upon by those members appointed from each of the regions (or their alternates) who are physically present at the Nominating Committee meeting (collectively, the Voting Members of the Nominating Committee). In recognition of the fact that from time to time a region's representative to the nominating committee may be unable to attend the meeting due to a force majeure or other extenuating circumstances, the Chair of the Nominating Committee shall have sole discretion, not to be unreasonably exercised, to grant an exception to the physical presence requirement by allowing such representative to participate by means of a conference telephone or similar communications equipment that allows all persons participating in the meeting to hear each other at the same time or by allowing such representative to name a replacement to the committee from the representative's region, including a member of the Board. Each of the Voting Members of the Nominating Committee shall have an equal vote in determining nominees for officers. The President, Senior Vice President, and chair of the Nominating Committee shall not be entitled to a vote, except in the event of a tie in which case the chair, or, if the chair is absent, the President, shall be entitled to cast a vote.

Section 2 (iii). A report reflecting the results of the vote of the Voting Members of the Nominating Committee signed by a majority of such members shall be filed with the Secretary not later than January 31. The report shall be distributed to the membership no later than March 1, either by publication in the Institute's magazine, by mail, or by posting to the Institute's website. Such report shall include a statement containing the name of each retiring officer and the name or names of persons nominated as the successor.

Section 3. Nominations may also be made by twenty-five or more members of the Institute. Such nominations shall be in writing, signed by the nominating members, and filed with the Secretary not later than March 31. A report of such nominations shall be distributed to the membership no later than May 1, either by publication in the Institute's magazine or by mail, and such report shall be in as great detail as specified in Section 2 of this Article V.

Section 4. Only full members of the Institute shall be eligible for nomination.

Section 5. Only nominations made as hereinbefore provided in this Article V shall be in order.

Section 6. If the slate of officer nominees selected by the Nominating Committee as provided in Section 2 of this Article is unopposed (with no other nominations having been made under Section 3 of this Article), the unopposed officer nominees shall be deemed elected by operation of these By-Laws.

If more than one individual is nominated for a position(s) (either by the Nominating Committee or by a petition filed in accordance with Section 3 of this Article V), the names of those nominees shall be placed on a ballot and mailed to the members of the Institute. To be counted, the mail ballots must be returned to the Secretary no later than June 30 each year. The unopposed nominees selected by the Nominating Committee shall be deemed elected by operation of these By-Laws.

Article VI. Committees

Section 1. The Board of Directors at its first scheduled meeting shall appoint an Executive Committee from among the members of the Board.

The Executive Committee shall consist of 11 members, 4 of whom shall be the President, the Senior Vice President, the Secretary, and the Treasurer. The President shall serve as chair and the Senior Vice President as vice chair of the committee.

If, for any reason, one or more of the above officers are unable or unwilling to serve, their places shall be filled from among other members of the Board, by election by the Board. The Executive Committee shall have and exercise such powers of the Board of Directors in the management and business affairs of the Institute as may be delegated in writing by or by minutes of the Board, and not otherwise inconsistent with any other provision of these By-Laws. The Executive Committee shall keep minutes of its meetings which shall be submitted for ratification at the next succeeding meeting of the Board of Directors. The Executive Committee shall hold regular meetings monthly or

as it may otherwise determine, at such places and at such times and upon such notice as it may in its discretion determine.

Section 2. Meetings of the Executive Committee may be called at any time by the chair of the committee or by any two of its members upon at least two days' notice.

Six members of the Executive Committee, present either in person or by telephone, shall constitute a quorum for all purposes. Except where otherwise provided by the Board of Directors, the Executive Committee may take any action by a majority vote.

Section 3. The Board of Directors at its first meeting after every Annual Meeting shall, except as otherwise provided in these By-Laws, designate a Membership Committee and such other standing committees as deemed appropriate, and the duties of each such committee. The Membership Committee shall, in accordance with Article I, Sections 2 and 3 of these By-Laws and the guidelines established by the Board, review and act upon applications for all categories of membership. In its discretion, the Board may establish the number of members to serve on each standing committee.

Section 4. Except as otherwise provided in these By-Laws, the President shall designate the personnel of each committee and the chair thereof. Only full members of the Institute shall be eligible to serve on Institute standing committees.

Article VII. Seal

Section 1. The seal of the Institute shall consist of two concentric circles having between the words, "TAX EXECUTIVES INSTITUTE, INC.", and in the center the words "CORPORATE SEAL-1944-NEW YORK."

Article VIII. Chapters

Section 1. The Board of Directors may authorize local chapters of the Institute in such manner and subject to such regulations as it may determine. In exercising this authority, the Board may approve the Institute's establishment of another organization, whether organized under the laws of the United States, Canada, or another country, and provide such organization with representation in the Institute's governance.

Section 2. Members not located within the area of any local chapter shall be designated as members-at-large only until such time as a local chapter may be organized within the area. The definition of area is at the discretion of the Board of Directors.

Article IX. Rules of Procedure

Section 1. The rules of procedure at meetings of the members of the Institute shall be according to *Robert's Rules of Order*, so far as applicable and when not inconsistent with these By-Laws. The rules of procedure at any meeting may be changed by a majority of the members present in person or represented by proxy.

Article X. Amendments

Section 1. Amendments to the By-Laws may be proposed by the Board of Directors or by not less than five percent of the entire number of full members of the Institute. Amendments so proposed shall become effective if (1) a majority of the full members present in person or represented by proxy at any meeting of the members of the Institute shall vote in favor of such amendments to the By-Laws, provided notice of the meeting with provision for voting by proxy has been mailed to the full members of the Institute at least 30 days prior to the date of such meeting; or (2) a majority of the entire number of full members of the Institute shall vote by mail ballot in favor of such amendments to the By-Laws.

Section 1: Institute Organization & Operations

Institute Organization & Governance

Introduction

Tax Executives Institute, Inc. (TEI or the Institute) was founded by a group of 15 tax professionals who foresaw the need for an organization that would transcend traditional professional organizations in scope and function and that would provide a forum for exchanging information among the members of a new and growing profession — in-house tax executives.

The individuals who signed the Certificate of Incorporation were Paul W. Smith, Harry J. Wright, Virgil Smith, Henry J. Williams, Carl H. Arnold, James A. Greig, Paul E. Aberli, Robert Young, and Charles J. Flynn. The first meeting of the Institute was held in New York City in June 1944. On October 24 of the same year, a Certificate of Incorporation was approved by the State of New York. The continual growth of TEI is evidence that the organization fills a real need among in-house tax executives and of the increasing professional status of tax executives themselves.

The Institute's operations are governed by its By-Laws, which are periodically amended to meet changing conditions. In addition, the Board has adopted Chapter Regulations covering the operation of chapters. The By-Laws and Chapter Regulations are reprinted in this Manual, as are TEI's Restated Articles of Incorporation.

This Manual is a compilation of guidelines and procedures relating to finances, membership, legislative and technical activities, and other activities adopted by TEI's Board of Directors. It also includes materials relating to the purposes, organization, and operation of TEI. It is intended primarily to benefit the Institute, regional, and chapter officers, directors, committees, and staff.

Corporate Structure

Tax Executives Institute, Inc.

Tax Executives Institute, Inc. is a not-for-profit corporation formed in 1944 under the laws of New York and is exempt from taxation under section 501(c)(6) of the Internal Revenue Code. The Institute's employer identification number is 52-0239291. See **TEI Exemption Letters** for a copy of TEI's exemption letter from the Internal Revenue Service.

Tax Executives Institute has 56 chapters organized into 11 regions throughout the United States, Canada, Latin America, Europe, and Asia. The EMEA chapter is registered as a branch office in the Netherlands, the Latin America chapter is registered to do business in Brazil, the Canadian chapters are registered with the Canada Revenue Agency, and the Asia chapter is registered as a society in Singapore.

Although each chapter has its own officers and directors, and maintains its own bank account, each chapter is a unit of the whole organization. Therefore, TEI's By-Laws, together with Chapter Regulations, govern each chapter and region. Chapter and regional financials are excluded from

TEI's internally prepared and audited financial statements; however, they are included in TEI's annual Form 990 return.

[INSERT CHAPTER AND REGION CHART]

TEI Education Fund

TEI Education Fund (Fund) is organized as a non-stock corporation under Virginia state law and is exempt from taxation under section 501(c)(3) of the Internal Revenue Code. The Fund's employer identification number is 54-1402262. See **TEI Exemption Letters** for a copy of the Fund's exemption letter from the Internal Revenue Service.

The Fund's activities include sponsoring the week-long tax courses —Federal Tax Course-Level 1, Federal Tax Course-Level 2, and the U.S. International Tax Course. Before the establishment of the Fund, these tax programs were sponsored by TEI. The Fund also cosponsors the Institute's conferences and seminars.

The Fund has no paid staff; therefore, the Fund contracts with the Institute to administer the tax courses (and for other services). In addition, as a section 501(c)(3) organization, the Fund will consider requests for reimbursement for government and academic speakers at Fund and TEI-sponsored education programs (including those at the chapter and regional level; see the **Government Travel Expenses** section for more information).

Under current procedures of the Fund, reimbursement requests are granted for government representatives and speakers affiliated with colleges, universities, or other section 501(c)(3) organizations. The Fund will also consider requests for reimbursement of expenses incurred by TEI members or staff to participate in educational programs sponsored by the Internal Revenue Service, other government agencies, colleges or universities, or other section 501(c)(3) organizations. Occasionally, the Fund will be asked to approve grants for special educational programs or other projects; these requests will be considered on a case-by-case basis.

Throughout this Manual, references are made to Institute courses and other programs. For the above-mentioned courses are sponsored by the Fund (and merely administered by the Institute), those references should be so construed.

The Fund's members consist of the members of the Executive Committee of TEI, and the Fund's Board of Directors comprises all of the Fund's members and the Institute's Executive Director. The Institute's senior officers (President, Senior Vice President, Secretary, and Treasurer) hold the same offices with the Fund (with the Senior Vice President of the Institute serving as the Fund's Vice President), and the Institute's Executive Director serves in the same capacity with the Fund.

Board of Directors

Function

The Institute's By-Laws provide that the control of the Institute and its affairs and property is vested in the Board of Directors. The Board shall have such number of directors as the Board shall set from time to time, but the size of the Board may not be reduced at any time if this reduction would remove an incumbent director. Absent Board action, the By-Laws state that the number of directors constituting the Board shall equal (1) the number of chapters of the Institute, (2) the number of qualifying Past Presidents of the Institute who continue their membership and consent to serve as directors, and (3) the number of elected officers of the Institute. (The number of directors may be fewer if a chapter representative also serves as an Institute officer.)

Composition

Each chapter has the right, once every two years, to elect a chapter representative who serves as a director on the Board for a two-year term. Chapter representatives' office terms are staggered so the number of directors elected from the chapters each year is one-half of chapters of the Institute.

Chapters have final authority to select their representatives to the Board of Directors. Nevertheless, to the maximum extent possible, the tenure of a chapter representative to the Board should be limited to two consecutive, two-year terms. A chapter representative may serve a third consecutive term only if the chapter submits a written report submitted to the Executive Committee before the commencement of such third consecutive term. This report must outline why it is in the best interests of the chapter and the Institute to extend service in this way and explain the steps the chapter took to develop new leadership and identify a replacement, and the reasons a replacement was not available (i.e., why it is necessary for the incumbent chapter representative to serve another term). This process must be followed each succeeding two-year term if a chapter wishes to elect the same chapter representative.

Each regional also appoints a Regional Vice President to serve as an officer on the Board of Directors. Regional Vice Presidents are appointed by the Nominating Committee and elected by the full membership on the annual proxy, and generally serve two-year terms.

The other Institute officers (Secretary, Treasurer, Senior Vice President, and President) are appointed by the Nominating Committee and elected by the full membership annually. These officers and qualifying Past Presidents of the Institute serve one-year terms on the Board. The Institute's President is the chair of the Board of Directors.

Meetings

The Board of Directors must hold at least two meetings annually and, in recent years, has held three in-person meetings—one in August following the Annual Meeting of Members, the second during the Annual Conference, and the third during the Midyear Conference. The Board may also meet virtually and, in recent years, has done so several times a year.

A meeting of the Board of Directors must have one-third of its members present (including by phone) which constitutes a quorum to transact business. Because service as a director involves the discharge of a nondelegable, fiduciary duty, board members cannot vote by proxy.

Fiduciary Duties

All Board members owe fiduciary obligations to the Institute. The duty of care requires a Board member to be familiar with the organization's finances and activities and to take part regularly in its governance. In carrying out this duty, Board members must act in good faith. In addition, Board members have a duty of loyalty to the Institute, requiring them to act in the interest of the organization and to avoid conflicts of interest. They also have a duty of confidentiality regarding Board deliberations. Board members are also charged with making sure the Institute follows applicable laws and regulations.

To meet their fiduciary obligations, Board members should prepare for Board meetings by reading the board books, attending Board of Director meetings, taking part in Board deliberations, representing their regions' and chapters' views and positions, and voting on Board matters.

Duties & Obligations

Other obligations of Board members include:

- Become familiar with the Institute's By-Laws, policies, goals, and goals.
- Take part in Board meetings held in conjunction with the Annual Meeting of Members, the Annual Conference, and the Midyear Conference, and any other Board meetings held virtually.
- Fill a vacancy occurring among the Institute officers.
- Upon the recommendation of the Institute's President, appoint an Executive Committee each year to oversee the day-to-day operations of the Institute.
- Approve necessary corporate resolutions, such as establishing bank accounts and signatories, and other corporate resolutions.
- Review and approve the Institute's operating budget.
- Review and approve the Institute's annual audited financial statements.
- Appoint and set compensation for the Institute's Executive Director.
- Appoint the Institute's certified public accountant to examine the records and financial statements of the Institute for the current fiscal year.
- Act prudently and responsibly in the best interests of the Institute.

Executive Committee

Function

The By-Laws provide that the Board shall appoint an Executive Committee to handle the day-to-day operations of the Institute, subject to oversight by the Board of Directors. The Executive Committee consists of 11 members of the Board, four (4) of whom are the President, Senior Vice President, Treasurer, and Secretary. The other seven (7) members are nominated by the President and approved by the Board. The President is chair of the Executive Committee.

Composition

The Board strives to ensure representation of all segments of TEI's diverse membership on the Executive Committee. The Board thus adopted a resolution on March 26, 2006, stating that "in identifying candidates for appointment to the Executive Committee, the President shall give due regard to the desirability of achieving geographic and jurisdictional diversity, demographic factors including industry, race, and gender, and the candidates' prior or current Institute experience and positions. No single factor shall be controlling, and no member shall be appointed (or precluded from appointment) solely on the basis of the person's chapter, region, industry, or other attributes."

Meetings

The Executive Committee generally meets in person three times a year at the Annual Meeting of Members, Annual Conference, and Midyear Conference, and holds regular virtual meetings. Six members of the Executive Committee constitute a quorum for doing business. Executive Committee actions require a majority vote of its members constituting the quorum.

Powers & Duties

At a meeting held on October 3, 1965, the Board of Directors prescribed rules governing the powers and duties of the Executive Committee. The Executive Committee is empowered to act for the Board of Directors in all matters not involving change of policy at any time when the Board is not in session, except where governing law or the By-Laws specifically require action of the whole Board.

The Executive Committee may establish needed policies where none exists, subject to ratification by the Board of Directors.

Duties & Obligations

The Executive Committee may:

- supervise and regulate the operation of the Institute's headquarters;
- authorize disbursements by the individuals who, by general or specific vote of the Board of Directors, have been authorized to sign checks;

- take required action concerning Institute employees and consultants, except that the selection of the Executive Director shall be a function of the Board of Directors;
- authorize the leasing of office space or termination of such leases; and
- take any action required in accordance with the specific delegation of authority by the Board of Directors.

The Executive Committee may not:

- elect persons to honorary membership or to receive any other award of the Institute;
- appoint the Nominating Committee, fill vacancies in its own membership, or fill vacancies in officers or directors of the Institute;
- designate the several standing committees or specify the duties of those committees;
- levy dues or other assessments on the members;
- authorize expenditures substantially departing from a budget previously approved by the Board; or
- adopt amendments to the Institute's By-Laws or Chapter Regulations.

Officers

As provided in the By-Laws and by the Board, the Institute officers consist of President, Senior Vice President, Treasurer, Secretary, and Regional Vice Presidents.

The officers shall perform the duties usually performed by such types of officers, and such duties as may be assigned to them from time to time by the Board of Directors. The President or, in his or her absence, the Senior Vice President, shall preside at all meetings of members of the Institute. The President and Senior Vice President are both ex-officio members, without vote, of all committees of the Institute, except the Nominating Committee (of which they are regular, non-voting members). In the event of the inability or incapacity of the President to carry out the duties of the office, those duties shall be performed by the Senior Vice President.

The Institute's staff performs a variety of tasks on behalf of the Treasurer and Secretary, subject to their review and approval. For example, the staff is responsible for overseeing the preparation of financial statements, subject to review by the Treasurer. The staff also prepares drafts of the minutes from Board and Executive Committee meetings. The Secretary, however, has ultimate responsibility for the minutes (including those from executive sessions at which the staff is typically excluded). Under TEI's procedures, the Secretary prepares and submits a copy of all executive session minutes to the Institute's independent auditors; in addition, a copy of all such minutes should be passed from one Secretary to his or her successor.

TEI has eleven regions and, hence, eleven Vice Presidents. Region 1's Vice President, representing the Canadian chapters of the Institute, may be designated "Vice President-Region 1 (Canada)" or "Vice President for Canadian Affairs" when communicating with Canadian government officials.

All officers, including Regional Vice Presidents, are elected for one-year terms. Regional Vice Presidents are encouraged to serve a second, consecutive term (approved by Board on March 25, 2018). All other officers, including the Regional Vice Presidents, may stand for election to another term or terms in the same office, but must be elected to that office annually. The Board of Directors has the authority to increase or decrease the number of Regional Vice Presidents (or the Board of Directors generally), but a decision to decrease the size of the Board cannot remove an incumbent from office.

Any officer may simultaneously hold office as a chapter representative to the Institute Board and as an officer or director of any chapter.

Regional Vice Presidents

Function

In addition to being a member of the Board of Directors and officer of the Institute, Regional Vice Presidents are an important link between the chapters and the Board. Active performance of the duties set forth below is essential, and the Nominating Committee must take a candidate's commitment to these responsibilities— including the ability to attend Board meetings — into account in its deliberations.

Regional Vice Presidents are responsible for ensuring adherence to, and effective implementation of, TEI policies and programs, as well as the Institute's goals and objectives, at the regional and chapter level. Upward communication is important to the continuing effectiveness of TEI, and the Regional Vice Presidents are responsible for providing input to the Institute on the needs and views of the grassroots organization.

Chapters and regions have the discretion to reimburse the expenses of their Regional Vice President to attend Board meetings.

Scope

Regional Vice Presidents carry out established TEI policies and implement Institute goals as directed by the Board and Executive Committee. Their authority and responsibility extend to the chapters within their respective regions, as well as that inherent in their positions as officers of the Institute and members of its Board.

Regional Vice Presidents may start any program consistent with, or to further, Institute policies and programs, and they are responsible for monitoring chapter activities to make sure such activities are compatible with Institute policies and programs.

Because of their position, Regional Vice Presidents have authority to bind the Institute (and the chapters within their respective regions) regarding regional programs. Generally, however, no contract involving the expenditure of \$5,000 or more of Institute (including regional and chapter) funds should be executed before the contract is reviewed by the Executive Director or his or her designee.

General Duties

- Affirmatively and effectively convey to the chapters the policies and programs of the Institute and of the current administration to promote understanding and active support of the Institute. The size of the Institute makes it essential that the Regional Vice President act as the representative of the President. To facilitate communication, Regional Vice Presidents should regularly contact chapter presidents and chapter representatives within their regions. Regional Vice Presidents should also consult with the President, Senior Vice President, Treasurer, Secretary, and Executive Director as necessary to perform their duties.
- Obtain from the chapters their views on Institute programs, policies, and recommendations for new emphasis or direction in Institute activities. Provide feedback promptly to the President, Executive Director, and other affected and responsible parties.
- Serve as a means of communication to and from the chapters when quick action is required, e.g., a legislative or administrative position of important concern, a consensus on a broad Institute matter, or the need for participation in an educational or other Institute activity.
- Give the chapters guidance on the conduct of their activities. Maintain contact with TEI about specific or current matters to be covered with a particular chapter.
- Provide the Institute (Senior Officers, the Board on which they serve, and staff) with information on chapter operations, any problem areas, and experiences, techniques, etc., used by a chapter that may be helpfully emulated by others.
- Meet with chapter presidents of the region, individually or as a group, to establish and maintain rapport and a working relationship and to assure that the plans and programs for the year are substantive and prepared for implementation. The Leadership Foundations Seminar in June is one forum for these regional discussions. The Annual Meeting of Members, Annual Conference, and Midyear Conference present other opportunities.
- Identify future leaders and, in connection with the Institute Nominating Committee (*see* Section 1 of **Article V. Nominations** of the By-Laws), chair a caucus of chapter representatives (Institute directors) from the region to select the region's member and alternate to the Institute's Nominating Committee.
- Promote the Institute's educational programs throughout the region.
- Perform any special responsibilities assigned by the President of the Institute.

- Develop and circulate a regional newsletter to the chapters within the region, with copies to other Institute officers and the Executive Director.
- Encourage chapters to sponsor scholarships under the Board-approved guidelines.
- File required reports, including the Regional Vice President report requested for the Board of Directors meetings at the Annual Meeting of Members, Annual Conference, and Midyear Conference. These reports should reflect regional activities between Board meetings.
- Maintain a regional administrative file, which shall be given to the succeeding Regional Vice President at the end of the term of office. This file will help with the briefing process and ensure a smooth transition.

Collecting Chapter Feedback and Reporting to the Board

TEI's Senior Officers will occasionally pose questions to Regional Vice Presidents aimed at soliciting feedback from chapters on topics and issues of interest to the Institute and to further its goals. The feedback received will help inform Board discussion on Institute initiatives and provide "closer to the ground" intelligence on what members are thinking. Questions and issues will vary year over year and will depend on a broad range of market factors.

Regional Vice Presidents are responsible for soliciting feedback from their chapters in response to the questions posed to them, as well as collecting feedback from their chapters and presenting it to the Institute Board generally. A designated part of each in-person Board meeting will be used for a report out and discussion led by the Regional Vice Presidents.

Meetings, Conferences, and Liaison Activities

- Organize regional conferences and make sure participating chapter responsibilities and duties are understood and agreed to, that Institute standards and requirements are met, and that TEI is appropriately involved. (*See comment on the review of contracts in the **Regional Conferences** section of this Manual.*)
- Take part in Board of Directors meetings held at the Annual Meeting of Members, the Annual Conference, and the Midyear Conference, plus any virtual meetings of the Board.
- Review the material sent out before the Board Meetings; come prepared to discuss your region's perspectives on the issues raised in the materials; be ready to raise any additional issues of concern to your local chapters; and (iii) be a good conduit of communication by obtaining feedback from the chapters before the Board meets and report back on Board activities.
- Take part in the Leadership Foundations Seminar held in June. This is an excellent opportunity for the incoming and outgoing Regional Vice Presidents to interact and share

ideas and accomplishments, and for incoming Regional Vice Presidents to build rapport with the chapter presidents in their regions.

- Schedule visits to the chapters within the region, ask for the opportunity to talk to chapter members at meetings and programs, and report on Institute-level activities and programs and on the regional conference.
- Encourage chapters to schedule liaison meetings with representatives of both national and subnational tax authorities and encourage the interaction between chapter committees and their Institute-level counterparts.
- Plan, organize, and manage liaison meetings with pertinent government officials, and help with the scheduling of meetings between industry and sub-industry representatives and their counterparts. Regional Vice Presidents for the United States frequently coordinate with the Internal Revenue Service and LB&I Division; the Region 1 Vice President is responsible for the Canada Department of Finance, Department of Justice, and Canada Revenue Agency liaison meetings; the Region 11 Vice President is responsible for liaison meetings with taxing authorities in Europe and Asia.
- Be active in raising advocacy issues on which TEI should work.

Financial Duties

- Make sure the chapters within their region file all required reports, such as annual financial reports, with TEI.
- At the end of the fiscal year, send a completed regional financial report to TEI. The form for this report is provided by TEI's staff and should be given to staff by July 31 for use by TEI's certified public accountants in preparing TEI's financial statements and its not-for-profit information return (Form 990), which is due November 15. In addition, a copy of all tax returns filed for the region (if any) must be forwarded to staff.
- TEI maintains its books and records on an accrual basis, using a June 30 year end. Regional and chapter reports may be prepared on either a cash or accrual basis so long as they are prepared consistently. Anticipated material expenditures should be noted in an attachment to the report, even if reports are filed on a cash basis. Funds held either by the region or by the chapter hosting the regional conference (this practice varies from region to region) should be transferred (with an accounting) to the next Regional Vice President or the host chapter, whichever the case may be.

See comment on review of contracts in the **Regional Conferences** section of this Manual and the **Institute Investment Policy**.

Chapter Representatives

Function

As a member of TEI's Board of Directors, Chapter Representatives provide a vital link between the chapters and the Board. Active performance of the duties set forth below is essential, and each chapter's Nominating Committee should take a Chapter Representative candidate's commitment to these responsibilities into account — including the ability to attend Board meetings — in determining who will represent the chapter on the Institute's Board. Chapter Representatives are responsible for ensuring adherence to, and effectively implementing, TEI policies and programs, as well as the Institute's goals at the chapter level. Upward communication is important to the continuing effectiveness of TEI, and Chapter Representatives are responsible for providing input to the Institute on the needs and views of the grassroots organization.

Chapters have the discretion to reimburse the expenses of their Chapter Representative for attending Board meetings.

Scope

Chapter Representatives carry out established TEI policies and implement Institute goals. Their authority and responsibility are inherent in their positions as Board members. Board members who are Chapter Representatives are responsible for representing their chapters on the Institute's Board, as well as monitoring chapter activities to make sure such activities are compatible with Institute policies and programs.

General Duties

- Affirmatively and effectively convey to their chapter the policies and programs of the Institute and of the current administration to promote understanding and active support of the Institute and its goals. The size of the Institute makes it essential that Chapter Representatives act as the representative of the President to their chapters. To help with communication, Chapter Representatives should maintain regular contact with their chapter's president and other officers. They should also consult with the Institute's officers and Executive Director as necessary to perform their duties.
- Obtain from their chapter members their views on Institute programs and policies and recommendations for setting priorities for Institute activities. Provide feedback promptly to the President, Executive Director, and other affected and responsible parties.
- Serve as a means of communications to and from the chapter when quick action is required, e.g., a legislative or administrative position of important concern, a consensus on a broad Institute matter, or the need for participation in an educational or other Institute activity.
- Give the chapter guidance on the effective conduct of their activities. Maintain contact with TEI about specific or current matters to be covered with the chapter.

- Provide the Institute (Senior Officers, the Board, and staff) with information on chapter operations; any problem areas; and experiences, techniques, etc., used by a chapter that may be helpfully emulated by others.
- Meet with chapter officers to establish and maintain rapport and a working relationship and assure that the plans and programs for the year are substantive and prepared for implementation.
- Work with their Regional Vice President to identify qualified candidates for office and to ensure smooth communications within the chapters in their regions. Caucus with the Regional Vice President to confirm a representative and alternate to serve on the Institute's Nominating Committee.
- Work with chapter officers to identify and develop future leaders of the chapter. Identify and serve as a mentor to future leaders of the chapter.
- Promote the Institute's educational programs throughout the chapter.
- Perform any special responsibilities assigned by the President of the Institute.
- Encourage chapters to sponsor scholarships under Board approved guidelines.
- Maintain a chapter administrative file, which shall be given to the succeeding Chapter Representative, at the end of the term of office. This file will help with the briefing process and ensure a smooth transition.

Meetings, Conferences, and Liaison Activities

- Take part in the organization of chapter events and make certain that chapter responsibilities and duties are understood and agreed to, that Institute standards and requirements are met, and that TEI is appropriately involved. (*See comment on the review of contracts by TEI in the **Chapter Conferences & Meetings** section of this Manual.*)
- Take part in TEI Board of Directors meetings held at the Annual Meeting of Members, Annual Conference, and Midyear Conference, plus any virtual meetings of the Board.
- Review the material sent out before the Board Meetings: (i) come prepared to discuss your chapter's perspective on the issues raised in the materials; and (ii) be a good conduit of communication by obtaining feedback from the chapter before Board meetings and reporting back on Board activities.
- Take part in the Leadership Foundations Seminar held in June. This is an excellent opportunity for the incoming and outgoing Chapter Representative to interact and share ideas and accomplishments, and for incoming Chapter Representatives to build rapport with the chapter presidents and Regional Vice Presidents.

- Ask for the opportunity to talk to chapter members at meetings and programs, and report on Institute-level activities and programs and the regional conference.
- Encourage chapters to schedule liaison meetings with representatives of both national and subnational tax authorities and encourage the interaction between chapter committees and their Institute-level counterparts.
- Be active in raising advocacy issues on which TEI should work.

See the **Collecting Chapter Feedback and Reporting to the Board** section of this Manual.

Financial Duties

- Make sure the chapter files all required reports with TEI.

See comment on review of contracts in the **Regional Conferences** section of this Manual and the **Institute Investment Policy**.

Institute Staff

The Institute's offices are located in Washington, DC, and are managed by an Executive Director appointed by the Board of Directors. The Executive Director has ultimate responsibility for overseeing the staff and all administrative functions of the Institute — including processing membership applications, issuing statements for dues, issuing notices of meetings of the Board of Directors and Executive Committee, properly accounting for all monies received and paid, planning and overseeing Institute programs and events, and handling all other administrative matters.

In addition to these administrative duties, the Executive Director shall:

- maintain cordial working relations with federal, state, and provincial tax administrators, related government agencies, and elected officials and their staffs;
- represent and act as the spokesperson for TEI as directed by the President;
- provide channels for members of TEI who, in the discharge of TEI committee or other TEI duties, must deal personally with government officials or bodies;
- prepare and release to appropriate media reports on Institute elections, educational programs, and advocacy activities, and all other newsworthy information relating to TEI; and
- establish and maintain good communications between the Institute's Board of Directors and officers, regions, and chapters, and between the Institute committees and their counterparts at the chapter level.

The duties of the Executive Director and staff with respect to conferences and the work of committees are described in the sections dealing with those activities.

The Institute's staff is organized into departments that perform various functions:

- **Legal Staff** — Serves as technical assistants to the President and Standing Committee Chairs (including the committees focused on internal TEI matters); monitors pending and proposed tax legislation, regulations, and other tax administrative and judicial pronouncements; oversees the preparation of position papers, liaison meeting agendas, and testimony; prepares communications for TEI publications (both print and electronic); liaises with government representatives; and develop educational content and programming for Institute events. Members of the legal staff are also frequently assigned special projects.

The Legal Staff also oversees legal and compliance activities for TEI, TEI Education Fund, and the chapters and regions, including reviewing contracts, ensuring compliance with corporate filing requirements, and monitoring chapter sponsorship and scholarship programs.

- **Sponsorship** – Responsible for identifying new sponsors, managing sponsor relationships, and administering sponsor benefits and accounts. Serves as the liaison between sponsors and the Institute, regions, chapters, and members. Administers the Chapter | Sponsor Connection Portal and the Thought Leadership Bulletin.
- **Governance & Operations** – Responsible for the day-to-day administrative operations at the Institute headquarters, including office management, governance, human resources; oversees TEI's external accounting function; oversees TEI's annual financial statement audit; coordinates chapter and regional financial reports; administers chapter rebates, 1099 reporting, and tax filings.
- **Events** — Responsible for planning, coordinating, and managing all in-person, Simulive, and virtual Institute conferences, seminars, courses, and governance meetings. Responsible for securing continuing professional education (CPE) accreditation for TEI.
- **Marketing & Communications** – Responsible for all forward-facing marketing and communications; maintaining TEI's website, event sites, and social media accounts; and producing printed and electronic promotional materials for membership, educational programs, and events.
- **Membership & Chapter Engagement** – Responsible for overseeing the operations of TEI's membership and chapter services, including processing member applications and renewals, monitoring communications on TEI's online community, providing support and training to chapter leaders, and communicating chapter and member information updates.
- **Information Technology/Web Services** – Coordinates, implements, and maintains TEI's IT systems and services that make essential data and technology solutions available to the rest of the organization. Manages and maintains TEI's technology infrastructure, including its association management system, internal network, cloud assets, and data/network security. Manages the technical side of TEI's websites. Trains staff and members on the organization's

IT resources. Helps with the setup and coordination of TEI's virtual events and online education.

Following is an organization chart setting forth the Institute's staff:

Indemnification of Officers, Directors, and Employees

The Institute's By-Laws state that the Institute may reimburse its officers and directors for actual expenses when authorized by the Board of Directors. The Board of Directors has adopted a resolution to reimburse its officers, directors, and employees for reasonable expenses incurred to perform their duties for the Institute to the full extent permitted under applicable law and the Institute's insurance policies. The indemnification policy does not require automatic coverage of specific acts but allows the Board to reimburse an individual for legal and other expenses. (Approved, March 28, 1992.)

The Institute currently maintains a \$5 million Directors and Officers Liability policy, a \$2 million commercial General Liability policy, and a \$10 million Umbrella policy.

Membership

TEI's By-Laws provide four categories of membership: full membership, student membership, emeritus membership, and honorary membership. The Board of Directors has approved Membership Guidelines for the Institute's Membership Committee.

Membership Categories and Guidelines

Full Membership

The Institute's policies and procedures relating to Full Membership are in Article I, Section 1(i) of the By-Laws.

Full membership shall be open to people not engaged in public tax practice who are employed by corporations or other businesses and who are charged with responsibility for directly or indirectly administering the taxation of their organization.

➤ ***Administering the Taxation of Their Organization***

The Membership Committee has determined that whether an applicant for membership administers the taxation of their organization shall be interpreted broadly, and shall include individuals involved in the administration of the company's accounting, finance, tax technology, unclaimed property, and other tax-related matters.

➤ ***Public Tax Practice***

The Board of Directors has interpreted the phrase "not engaged in a public tax practice" to mean that neither the individual nor the corporation or other business that employs him or her may be engaged in a public tax practice. Hence, an individual employed in the tax function of a law or accounting firm engaged in a public tax practice is not eligible for membership. (Approved, October 13, 1984.)

On March 15, 1997, the Board interpreted the phrase "not engaged in public tax practice" to deny membership to an applicant who was part of an organization that included a public accounting firm, even though the applicant himself was not engaged in public tax practice. The applicant was an associate partner in a consulting firm that was a business unit of an enterprise that had, as a separate business unit, a public accounting firm engaged in a public tax practice. The Board concluded that the accounting firm's public tax practice should be attributed to the other business units (and hence to the applicant) because of a cost-sharing arrangement between the business units, the coordination of their marketing efforts, and their joint efforts to coordinate training and protect their common trade name.

Following the Board's 1997 decision, a task force on membership requirements was established to thoroughly review the Institute's Membership Guidelines. On March 21, 1998, the Board accepted the report of the task force, which confirmed the previous interpretation of the "not engaged in

public tax practice” rule as it applies to employees of law and accounting firms. In December 2000, the Executive Committee confirmed a Membership Committee interpretation that the “public tax practice” of entities owned by an enterprise would not automatically be ascribed to the enterprise and, therefore, to the employees of that enterprise. In other words, the attribution (or taint) rule adopted by the Board in 1997 applies down and across, but not up, the ownership chain.

On March 21, 1998, the Board adopted a recommendation that individuals employed by enterprises that sell tax-related or ancillary products or services (such as appraisal services or tax computation software) need not be denied membership per se. Such applicants must be responsible for preparing the corporation’s tax affairs and may not advise or take part in the selling of such products or services. Members of such companies must be bound by a non-solicitation standard and a duty of professionalism. Accordingly, the Board adopted the following standard of conduct:

The member will at all times recognize a duty of professionalism and will not use TEI membership to solicit business from or sell products to other members.

Tax related and ancillary products and services are considered to include tax insurance, tax credits and incentives, tax technology products and services, and valuation services.

➤ ***Profit-oriented business.***

A membership applicant must have employment in a department charged with the responsibility of administering the taxation of a publicly or privately-owned profit-oriented entity that (except for Crown Corporations) must file annual income tax returns according to the laws of the country in which the company or firm resides. Under this standard, an individual employed by a not-for-profit organization having substantial business or commercial activities may qualify for membership. (Approved, October 19, 2003.)

On March 17, 2002, the Board of Directors adopted a recommendation to interpret the word “tax” to include “customs.” As a result, customs professionals who otherwise satisfy the membership requirements are eligible for TEI membership. A customs professional working for a customs broker, however, is ineligible for membership because such employment is considered “public tax practice.”

➤ ***Dual Employment.***

An applicant or member who works for more than one unrelated employer is eligible for membership if at least one of the companies provides qualifying employment. Note: The distinction between “dual employment” and “public tax practice” requires consideration of all the facts and circumstances. The Membership Committee will address each situation on a case-by-case basis to determine whether the applicant or member is engaged in qualifying dual employment or nonqualifying public tax practice. Abuses of this rule should be reported to TEI’s Director of Membership and Chapter Engagement for consideration by the Membership Committee. (Approved, March 17, 2002.)

➤ ***Temporary Unemployment/Member-in-Transition.***

Full members who are temporarily unemployed can continue their membership in the current year plus two years if their dues are paid on a current basis. The affected member and Membership Team are responsible for ensuring adherence to this policy.

The Board of Directors has determined that a member need not automatically resign from a leadership position after becoming unemployed. Specifically, a temporarily unemployed member of the Institute who holds a leadership position at either the Institute or chapter level may continue to serve in that position for the balance of the term, subject to the approval of: (i) the Institute Board (regarding the Institute President), (ii) the Institute President (regarding other Institute-level positions), or (iii) the chapter board (regarding chapter-level positions). No individual will be compelled to resign until the Institute or chapter board (whichever the case may be) has the occasion to meet and select a successor. The affected leader must seek the necessary approval to keep his or her position. (Approved, November 7, 1992.)

- In considering whether an unemployed member should resign a leadership position, the Institute and chapter leadership should consider the time remaining in the affected individual's term of office, the visibility of, and responsibilities associated with, the individual's office, and the individual's commitment and wherewithal to discharge the duties of office. The Board has also concluded that unemployed members generally should not be nominated for any office at the chapter or Institute level, but it has declined to adopt a hard-and-fast rule on this matter.
- Chapters may waive or charge reduced meeting fees to members who are temporarily unemployed. See **Toolkit: Sample Chapter Financial Aid Policy** in this Manual.

Student Membership

The Institute's policies and procedures relating to Student Membership are in Article I, Section 1(ii) of the By-Laws.

Student membership in the Institute is limited to individuals who are enrolled full-time in undergraduate or graduate programs that provide a foundation for a career in taxation. Such degree programs may include, but are not limited to, accounting, law, masters of taxation, or taxation LL.M.s. Student members may not be employed full-time in any tax-related position. It is permissible, however, for a student member to hold a paid or unpaid internship in a tax-related position, including with a firm engaged in public tax practice, so long as the position is limited in duration and coincides with the student member's degree program (for example, a summer internship with a CPA firm or corporate tax department between academic years).

Student membership status continues until the student graduates or is no longer enrolled on a full-time basis in a qualifying educational program. Student membership may not exceed five (5) years. Student membership status converts to full membership upon proof of employment in a position that satisfies the membership criteria applicable to full membership.

Student members have the right to attend Institute-level educational programs at the reduced pricing offered to full members, and chapters are encouraged to provide the same accommodation. Student members also receive the Institute's regular mailings. Student members are not entitled to vote and may not hold officer or director positions or serve as committee chairs at the Institute, chapter, or region levels. Chapters may nominate a student member to serve as Student Chapter Representative to the respective chapter's board of directors. The "member-in-transition" benefits provided to full members are not extended to student members.

Emeritus Membership

The Institute's policies and procedures relating to Emeritus Membership are in Article I, Section 3 of the By-Laws.

Emeritus membership in the Institute is available to members or former members who have retired from qualifying employment and are not otherwise gainfully employed, provided the member's later activities are not inconsistent with the Principle and Purpose of the Institute. Emeritus status will end if the member's retirement ends and the individual becomes gainfully employed or self-employed, even if the emeritus member continues to receive benefits under a retirement plan. (In this case, the individual may seek reinstatement to full membership.) TEI's Board of Directors has interpreted the By-Laws, however, not to prevent a retiring member from becoming an emeritus member if the member remains subject to a part-time consulting contract with his or her immediate former employer. (Approved, March 28, 1992.)

Emeritus members receive the Institute's regular mailings and publications and may attend Institute conferences at a reduced rate. They are not entitled to vote on Institute-level ballots and may not hold a Senior Officer or Institute Board position or serve as an Institute-level committee chair. Chapters and regions may let emeritus members serve in leadership roles in their respective chapters and regions (including committee chair positions).

Honorary Membership

The Institute's policies and procedures relating to Honorary Membership are in Article I, Section 4 of the By-Laws.

Honorary membership in the Institute is conferred by the Board of Directors upon people who have rendered conspicuous service in the field of tax administration and/or the activities of this Institute.

All honorary members receive the Institute's regular mailings. Honorary members pay no dues, have no vote, and are not eligible to hold office in the Institute (for example, as a committee chair or a member of the Institute or chapter board of directors). Honorary members who neither engage in public tax practice nor work for a government tax authority may attend Institute conferences at no charge. Honorary members (including Past Presidents) who are engaged in public tax practice or work for a government tax authority may not attend Institute-sponsored conferences, functions, or

meetings except as a guest at the invitation of the President or Executive Director. Similarly, such members do not have access to TEI's private website and online communities.

Anti-Trust Caution

To avoid anti-trust concerns, reasonable and objective criteria must be established to determine membership qualifications, and procedures for admitting people as members must be reasonable and applied in a non-discriminatory manner. A member can only be expelled on justifiable grounds and must be provided due process rights before their expulsion.

Membership Number

A membership number is assigned to each new member.

Chapter Assignments

Each new member is assigned to become a member of the chapter of their choosing. Members may also request to be added as participants in other chapters, which will give them access to those chapter's communities and include them on those chapters' rosters. Members wanting to transfer their membership from one chapter to another should inform TEI's Membership Team.

Change of Employment

A member who changes jobs (either by changing employers or by accepting new duties at the company) must submit a request to change their employer through their profile or email the TEI Membership Team. The Membership Team will review the new employer to ensure that the member continues to have qualifying employment.

Membership Application Procedures

Applications for membership are submitted to the Institute on TEI's website. In some instances, such as a group join, the Membership Team will enter each applicant's information into the system.

The Membership Team reviews the application, asks for missing or clarifying information if necessary, and enters the relevant information into TEI's membership database. Applicants for membership may register for Institute-level educational programs at member prices while their application is pending.

After processing by TEI's Membership Team, each application must be reviewed and approved by one member of the Institute's Membership Committee. If necessary, the Institute's Membership Committee will ask the Membership Team to obtain more information from the applicant or contact the applicant directly. If there are questions about whether the applicant qualifies for membership, the Membership Committee will discuss the application.

After the Institute's Membership Committee has approved an application, new members will receive an email congratulating them on joining TEI. If an application is not approved, the applicant will be informed of the reason they did not qualify and receive a refund.

The entire application process ideally should take no more than one week after all relevant information is received from the applicant. The Institute's Membership Committee and Membership Team periodically review TEI's procedures to reduce delays.

See the section on in the **Recruiting New Members** section of the Manual.

Membership Rejection Procedures

After being advised by the Membership Committee that an application cannot be accepted, TEI will send a message to the applicant that —

- sets forth the reason for the rejection; and
- tells the applicant about their right, under the Institute's By-Laws, to ask for the Institute's Board of Directors to reconsider the application. (The applicant will also be informed that an appeal to the full Board of Directors probably will not produce a different result.)

The letter to the applicant from TEI will include language such as:

"I regret to inform you that Tax Executives Institute is unable to approve your application for membership because [insert reason]. Your refund has been processed. TEI appreciates your interest in membership and encourages you to reapply should you become eligible for membership. [We also urge you to discuss with [name of chapter secretary] the possibility of attending meetings and other Institute functions as a nonmember.]"

TEI also will process a refund to their original payment method if the individual is rejected/does not qualify for membership.

Membership Renewals

TEI's membership year runs from July 1 – June 30. In the spring, the Membership Team processes renewal invoices for all current members. Members who have elected auto-renewal will receive at least 10 days of notice that their membership will automatically renew for the following fiscal year. The Membership Team will then start an annual renewal campaign encouraging all members to renew their membership by June 30.

Members who have not renewed by June 30 receive a 30-day grace period (July 1 – 31), during which their membership will remain current. Such members will retain all membership rights except for voting on the proxy during the grace period. If the member has not renewed by July 31, the Membership Team will terminate the unrenewed member's membership.

Membership Rejoins

Members who do not renew timely may rejoin TEI by logging into their account and rejoining the Institute.

Member Applications for Reinstatement

A former member who discontinued their membership because they lacked qualifying employment or have not been a TEI member for more than five (5) years may apply for reinstatement.

Applications for reinstatement are reviewed by the Membership Team, who may approve the reinstatement or refer it to the Membership Committee or Executive Committee for further review. Rejections for reinstatement must be reviewed by the Membership Committee.

Involuntary Suspension & Termination of Membership

Under the Institute's By-Laws, an individual's membership in the Institute may be terminated for acts prejudicial to the Institute or its Principle and Purpose. The Institute's Board has adopted procedures guiding such certain circumstances, subject to specific safeguards. (Approved, March 28, 1992.)

Suspension of Leadership Role

A member's right to represent the Institute in a leadership position at the chapter or Institute level or to represent the Institute in an official capacity will be suspended if the member is charged with a felony. This suspension will end if the charges are dismissed or if the individual is acquitted of the charge.

Members charged with a felony will have the opportunity to explain to the Executive Committee why the suspension should be lifted pending the resolution of the matter. If the Executive Committee concludes the explanation does not warrant lifting the suspension, the member may appeal the matter to the full Board of Directors.

Termination of Membership

The following actions may be considered prejudicial to the Institute and result in the termination of membership: (1) conviction of a felony (including the entering of a *plea nolo contendere* to the offense); (2) regarding the senior tax executive of a company, conviction of the member's corporate employer for a tax-related felony; and (3) revocation for cause of a member's license or certificate to practice law or accounting or before the Internal Revenue Service.

The initial determination of whether a specific act is prejudicial to the Institute will be made by the Executive Committee (after investigation by the Membership Committee). If a member is convicted of a felony, the Executive Committee shall contact the individual and ask for their resignation. If the individual declines to resign within 30 days, the matter will be referred to the Board of Directors, which will terminate the individual's membership according to the procedures in Article I, Section 7 of the By-Laws.

The following rules will govern the termination procedure:

- A member's conviction of a felony is deemed presumptive evidence that the member has "committed an act prejudicial to the Institute or to its Principle and Purposes." This presumption cannot be rebutted based on the individual's entering a plea nolo contendere to the offense. [Note: In applying this procedure to offenses outside North America, the Board will act in a way consistent with this presumption.]
- For purposes of this procedure, the term "felony" means any crime so denominated by U.S. or State statute (or, in Canada and its provinces, any crime denominated an "indictable offence") and any other crime defined by U.S., Canadian, State, or provincial law the maximum penalty for which is imprisonment of more than one year. [Similar criteria will be applied for other jurisdictions.]
- If a corporation is convicted of a tax-related felony, the senior tax executive of the corporation at the time of the felonious act shall be asked to explain why their membership should not be terminated under Article I, Section 7 of the Institute's By-Laws. If no explanation is forthcoming or if the explanation is found to be unpersuasive by the Executive Committee, the individual will be asked to resign. If the member does not resign, the Board of Directors shall determine whether the individual's membership should be terminated under the Institute's By-Laws.
- The foregoing procedure also will be followed if a member's license or certificate to practice law or accounting, or their right to practice before the Internal Revenue Service (as an enrolled agent or otherwise), is revoked for misconduct. The revocation for misconduct of an individual's license or certificate to practice law or accounting, or before the Internal Revenue Service, will be deemed presumptive evidence that the member has committed an act prejudicial to the Institute or to its Principle and Purpose.
- If an individual's membership in the Institute is terminated under this procedure, the membership may only be reinstated upon the action of the full Board of Directors.

Nothing in this procedure should be construed as limiting the Board of Directors' authority under Article I, Section 7 of the Institute's By-Laws to terminate an individual's membership in other situations where the Board concludes that the individual has committed an act prejudicial to the Institute or its principle or purposes.

Membership Dues

As provided in the By-Laws, the annual dues for all members are established by the Board. The first year's dues for a full member is paid when the individual's application is filed. Annual dues for full members are \$275, of which \$30 is rebated to the chapter. Emeritus member dues are \$25. The dues for student members and honorary members are waived.

If a new member application is approved by the Institute Membership Committee after January 1 but before March 31, 50 percent (\$137.50) of the new member's dues will be held in a suspense account. The new member will be offered a credit of \$137.50 if they renew for the subsequent fiscal year by August 1. Half of the members' dues will be recognized in the year of join and the other half will be recognized in the year of renewal if the member timely renews. If the member does not renew by August 1, the member will forfeit the dues credit and the total dues will be recognized as revenue in the year the new member joined TEI.

Dues received for new members who apply after March 31 will be held in a suspense account and deferred until the next fiscal year. Hence, the new member's dues for the short period will effectively be waived (as will the correlative chapter rebate), but the member will immediately receive access to all rights of membership.

Dues are rarely refundable; however, the Membership Team has the discretion to recommend a refund or waive dues for extenuating circumstances. Such refunds or waivers must be approved by the Executive Director.

Delinquencies, Terminations, and Rejoins

Membership dues for the following fiscal year are due by the preceding June 30 and recognized throughout the membership year. Members who have not renewed by June 30 are automatically provided a 30-day grace period until July 31, during which his or her membership remains active. Membership will be terminated if dues are not paid by July 31. Terminated members may rejoin TEI online.

Transfer of Membership Dues

Membership in TEI is a privilege that adheres to the individual, not his or her company. Consequently, when a member leaves a company, the membership (and dues paid) follows with the member. The membership cannot be transferred to another person in the company's tax department.

Deductibility of Dues Attributable to Lobbying Activities

The Internal Revenue Code disallows a deduction for certain lobbying and political expenditures. Associations such as TEI have the option of either (1) telling members on their dues statement that a specified part of their dues is nondeductible or (2) paying a "proxy tax" at the association level in lieu of the dues disallowance. Members should consult their annual dues statement to determine whether any part of their dues is nondeductible because of this provision. Historically, TEI has opted to pay the proxy tax.

Chapter Rebates

In August, TEI's Governance & Operations Team will notify chapters of the opportunity to claim a chapter rebate of up to \$30 per full member who joined or renewed TEI between July 1 – March 31

of the prior fiscal year. TEI will transfer funds to chapters requesting the rebate after the chapter has remitted all financial information for the prior fiscal year.

Member Resources

Tax Executive

Tax Executive is a bi-monthly publication that informs members of current news and developments in taxation. The Institute's technical submissions are generally referenced in the publication. *Tax Executive* also includes reports of meetings, conferences, and local chapter news, as well as short profiles of tax executives who have achieved distinction.

In addition, the journal publishes original articles in the field of taxation of interest to tax executives. A subscription to *Tax Executive* is included in the dues of all members. It is also available to non-members on a subscription basis. *Tax Executive* is available online at taxexecutive.org.

TEI Engage

TEI Engage is TEI's member-only, online community. TEI members can join discussion groups, share and read articles, post and comment on questions, search the Member Directory, and communicate with other members.

Member Directory

An online Member Directory is available in TEI Engage. The names of new members are added to this directory on a real-time basis.

Using the Member Directory for other than its intended purpose (the members' exclusive use when individually contacting other members) is prohibited. Members are cautioned not to use the Directory as a mailing list, for promoting company products, or any other like purpose. Guidelines for the proper use of TEI's Member Directory are included below.

TEI's Website

The TEI website may be accessed at tei.org. Members use the site to pay their dues, register for educational programs, learn about tax developments or job openings, and network with their peers confidentially about tax and management issues.

Thought Leadership Bulletin

The *Thought Leadership Bulletin* (TLB) is a curated collection of sponsor firms' articles, research papers, and client alerts. Twice per month, members can read the latest educational news, published on sponsors' websites, in the *TLB*.

Use of Member Directory

TEI has a long-standing policy of restricting access to its membership list. The Institute generally does not sell (or rent) its membership list to vendors or other organizations and urges its members to respect the confidential nature of the list. When TEI learns of situations where all or part of the list has been distributed outside the Institute, it will take action to limit the improper use of the list.

Specifically, the Institute does not want its membership list to be used to solicit members for goods and services. Indeed, one of the reasons the Institute has historically restricted its membership to in-house tax executives is to create an environment in which members can congregate to exchange ideas and information without having to contend with practitioners and companies hawking their wares.

Notwithstanding a strong tradition (and policy) against using the membership list for non-TEI purposes, the membership list has occasionally been used improperly. For example, members have written to members of their chapters, asking them to hire a particular consultant (and the consultant, who was given the chapter listing, then placed follow-up calls to several members). In addition, members have been urged by members to contribute to a particular political candidate. Finally, a member who was a speaker at an educational program sponsored by another organization provided a list (culled from the roster and other sources) to that organization, which then used the list (and a form letter from the member) to promote the program. Each of these uses violated both the letter and the spirit of the Institute's policy.

At the Institute level, great care has been taken to ensure the proper use of the membership list. The Institute is exceptionally conservative in agreeing to provide access to the membership list. Except for Thomson Reuters (with which TEI has a formal affinity relationship and a written agreement that restricts Thomson Reuter's ability to use the mailing list) and conference sponsors (which receive a more limited conference attendance list under the sponsorship program discussed in the **Institute Sponsorship Program** section of this Manual), the Institute does not turn over its membership list to anyone.

Hence, even if TEI concludes that a governmental agency's request for help contacting members is proper, the contact will be made through TEI; the list itself will not be turned over to the agency. Similarly, if the Institute believes the membership would benefit from knowing about a particular education program, TEI not only handles the mailing itself (subject to reimbursement by the sponsoring organization), but it also negotiates a discount for the members. In this way, TEI makes sure members will not be inundated by unwanted solicitations and maintain control over the content of any solicitation.

TEI's membership list should be strictly guarded. Members may use the list to "individually contact" members in other companies about tax issues affecting businesses. They should not, however, indiscriminately blanket the membership (or even segments of it) with various solicitations. It is a question of balance. Hence, if a member has an issue of interest to members in a particular industry, they can use the Member Directory to identify other members in that industry. But if the member thinks that everyone in a particular state may be interested in a particular proposal, they should not

send an email to all members in that state. (In that case, the member could raise the issue with the local chapter to gain the chapter's support for contacting the other chapters in the state.) Similarly, if a member wants to let a select group of peers know about a new software product saving his or her company lots of time or money, they can send them an email to that group. However, "select group of peers," should not be construed to mean everyone whose name is in the Member Directory (or even in a particular chapter).

To the extent there is a need for more guidance, the following "do" and several "don'ts" are offered:

- **Do use the member list to enhance the networking opportunities afforded by membership in TEI.**

Permissible use can include contacting a select group of members about particular audit or legislative issues (e.g., the continued existence of the export source rule or opposition to efforts to end so-called corporate welfare programs). Generally, this use of the membership list should be limited to tax-related issues. The broader, more boilerplate the communication — the more people it is addressed to — the more likely it will be perceived as "crossing the line."

- **Do not turn the membership list over to non-members, be they law or accounting firms, consultants, vendors, trade or industry association representatives, sponsors of educational programs (especially those operating on a for-profit basis), or government officials, even if such organizations are sponsoring a chapter or regional event.**

This rule is absolute. Hence, even if the use were permissible (say, contacting a select group of members about their interest in joining in a legislative coalition), a member's providing the list of members to his or her outside consultant is impermissible.

- **Do not use the membership list to ask members to contribute to political candidates or to support political causes, even if those causes are tax related.**

TEI obviously believes in the First Amendment and has no desire (or power) to restrain its members from voicing their opinions — about political candidates or any other issue. At the same time, the Institute has an interest in preserving its nonpartisan status and protecting its members from political solicitations.

- **Do not use the membership list to ask members to buy products or services from your own company. Similarly, do not use the membership list to endorse particular products or services or to ask members to consider buying them.**

These rules flow from one of the Institute's founding principles: That members should be able to gather and exchange views without being subjected to undue solicitation. Thus, the Institute Board of Directors has revised the Standards of Conduct to provide that "[t]he member will at all times recognize a duty of professionalism and will not use TEI membership to solicit from or sell products to other members." Violation of this standard may result in termination of membership.

- **Do not use the membership list to ask members to attend educational programs sponsored by other organizations.**

This rule serves a dual purpose. The first is to insulate members from untoward solicitation. The second is to prevent the use of the Institute's resources (including its copyrighted roster) to promote programs that compete with TEI's own programs. Thus, members should rarely, on their own or at the behest of third parties, use chapter or Institute email distribution lists or other facilities to promote programs sponsored by third parties.

- **Do not use the membership list to solicit members from other chapters or regions to attend chapter or regional meetings without the approval of those chapters or regions.**

Occasionally, a chapter or region may wish to market one of its programs to members of other chapters or regions. To avoid conflicting with dates and program content offered by other chapters and regions, the chapter or region should seek their approval and coordinate the marketing of the specific program through them.

Questions about this policy should be directed to TEI's staff.

Institute Standing Committees

General

Under the By-Laws, the Board of Directors is empowered to establish standing committees, to determine how many members will serve on the committees, and to designate their duties. (The By-Laws require only that an Executive Committee, the Membership Committee, and the Nominating Committee be appointed by the Board each year.) Not only may committees be abolished and new ones created to meet changing circumstances, but committee duties may also be changed or reconfigured. TEI's policy on legislative and technical activities is contained in the **Institute Policy on Legislative and Technical Activities** reprinted in this Manual.

Approved official communications between TEI and any government agency or other organization must be forwarded to the Executive Director and the Institute's professional tax staff for review and approval (and, in appropriate cases, the signature of the President). Institute committee chairs coordinating or preparing TEI position papers, letters, etc., that are to be sent to any outside organization should allow ample time for such documents to be reviewed. Also, meetings between the Institute and government representatives should be coordinated through TEI.

No Officer, Director, member, or standing committee shall make oral or written representations on TEI's behalf without the approval of the President.

Committee deliberations, including the review of draft submissions, are confidential. Drafts generally should not be shared with non-members; committee matters should rarely be discussed with outsiders.

Institute Policy on Committee Operations

- The scope and function of each committee should be set forth in writing and approved by the Board of Directors.
- Each committee should have at least two, but generally no more than four, vice chairs. Subcommittees should be appointed by the chair in consultation with the President and Senior Vice President. The committee chair is charged with developing future leaders of the committee.
- The appointment to committee membership should preserve continuity and introduce new talent.
- Each Institute committee should be tied in with a corresponding chapter committee wherever possible.
- Each Institute committee should have designated liaisons to TEI's Executive Committee and staff.

- Each committee should make a plan of operation for the coming year within established long-range goals and submit it to the incoming President before the Annual Meeting of Members.
- Each committee should meet at least twice each year, generally during the Annual and Midyear Conferences; other meetings should be scheduled as required. (The committee may meet in person or virtually.)
- The chair of each committee should submit a report to the President to be included in the Board books in advance of the Annual Meeting of Members, the Annual Conference, and the Midyear Conference. The President may also request committee reports throughout the year.

Coordination

The Executive Director is responsible for:

- coordinating the work of all Institute committees; for this purpose, the Executive Director shall be an *ex officio* member, without vote, of all committees except the Nominating Committee;
- consulting with committee chairs to set dates for and arrange committee meetings;
- provide necessary clerical assistance for the work of all committees;
- helping the President keep all committees active; and
- updating the President on all committee work and progress.

In discharging these responsibilities, the Executive Director will assign particular tasks to the Chief Tax Counsel and other members of the staff.

Committee Appointments

All TEI members are encouraged to join one or more Institute standing committees. Each chair should scrutinize the committee roster to identify inactive members who should be encouraged to step up their activity or resign. Subcommittees may be established to help discharge a committee's responsibilities. Chapter committee chairs are automatically members of the corresponding Institute standing committees.

Committees on Tax and Tax-Related Issues

Asia Tax Committee

This committee is responsible for updating TEI members on the Asian tax aspects of operations in Asia and the Pacific Rim — including value-added taxes, customs, and tax treaty matters — and recommending TEI action. To perform this function, the committee shall:

- take the lead in setting TEI's advocacy agenda regarding Asia tax matters and coordinate advocacy activities with other TEI committees;
- study and develop ways to stimulate communication and accelerate the interchange of information between the committee and TEI chapters regarding tax administration in international operations;
- survey and study tax administrative practices of Asia and the Pacific Rim countries;
- keep abreast of significant Asian and Pacific Rim tax legislation, decisions, and administrative rulings and procedures in those jurisdictions, as well as tax treaty issues;
- keep abreast of significant developments with respect to the Organisation for Economic Cooperation and Development and coordinate advocacy activities with other TEI committees ;
- make recommendations regarding TEI submissions to government officials on matters of Asian and Pacific Rim taxation;
- follow up (where appropriate) on the Institute's written submissions on subjects within the committee's jurisdiction;
- cooperate with government officials in programs designed to improve tax administration (in consultation with other TEI committees, where appropriate); and
- plan and develop technical content for TEI courses, seminars, and conferences.

Canadian Commodity Tax Committee

This committee has responsibility for updating TEI members on Canadian federal and provincial excise, sales, and use tax matters (including the goods and services tax and any replacement levies) and recommending TEI action in that field. To perform this function, the committee shall:

- take the lead in setting TEI's advocacy agenda with respect to Canadian commodity tax matters and coordinate advocacy activities with other TEI committees ;
- study commodity tax legislation, decisions, and administrative rulings to determine their effect on tax administration;
- promote the exchange of information between the committee and TEI chapters to help members resolve commodity tax administration problems;
- make recommendations regarding TEI submissions to Canadian government officials (at either the federal or provincial level) for the improvement of commodity tax policy and administration;

- develop and foster communication and cooperation between TEI members and government officials responsible for Canadian commodity tax matters; and
- develop programs to educate in-house tax professionals and plan Canadian commodity tax technical content for TEI conferences and programs.

Canadian Income Tax Committee

This committee has responsibility for updating TEI members on Canadian federal and provincial income tax matters and recommending TEI action in that field. To perform this function, the committee shall:

- take the lead in setting TEI's advocacy agenda with respect to Canadian income tax matters and coordinate advocacy activities with other TEI committees ;
- study income tax legislation, decisions, and administrative rulings to determine their effect on tax administration;
- promote the exchange of information between the committee and TEI chapters to help members resolve Canadian income tax administration problems;
- keep abreast of significant developments with respect to the Organisation for Economic Cooperation and Development and coordinate advocacy activities with other TEI committees;
- make recommendations regarding TEI submissions to Canadian government officials (at either the federal or provincial level) for the improvement of income tax policy and administration;
- develop and foster communication and cooperation between TEI members and governmental officials responsible for Canadian income tax matters; and
- develop programs to educate in-house tax professionals and plan Canadian income tax technical content for TEI conferences and programs.

EMEA Direct Tax Committee

This committee has responsibility for updating TEI members on the direct tax aspects of European, Middle East, and Africa operations — including tax treaty matters — and recommending TEI action. To perform this function, the committee shall:

- study and develop ways to stimulate communication and accelerate the interchange of information between the committee and TEI chapters regarding tax administration in international operations;

- survey and study direct tax administrative practices in European countries and the Directives of the European Union;
- keep abreast of significant European direct tax legislation, decisions, and administrative rulings and procedures (including those of the European Union, its Member States, non-Member States, and the European Court of Justice), as well as tax treaty issues;
- take the lead in setting TEI's advocacy agenda with respect to the Organisation for Economic Cooperation and Development and coordinate advocacy activities with other TEI committees;
- make recommendations regarding TEI submissions to government officials (including the European Union) on matters of European direct taxation;
- follow up (where appropriate) on the Institute's written submissions on subjects within the committee's jurisdiction;
- initiate actions and cooperate with government officials in programs designed to improve tax administration (in consultation with other TEI committees); and
- plan and develop the technical content of programs for TEI courses, seminars, and conferences.

EMEA Indirect Tax Committee

This committee has responsibility for updating TEI members on the indirect tax aspects of European operations — including value-added taxes and customs — and recommending TEI action. To perform this function, the committee shall:

- take the lead in setting TEI's advocacy agenda with respect to the Organisation for Economic Cooperation and Development and coordinate advocacy activities with other TEI committees;
- study and develop ways to stimulate communication and accelerate the interchange of information between the committee and TEI chapters regarding tax administration in international operations;
- survey and study indirect tax administrative practices in European countries and the Directives of the European Union;
- keep abreast of significant European indirect tax legislation, decisions, and administrative rulings and procedures (including those of the European Union, its Member States, non-Member States, and the European Court of Justice), as well as tax treaty issues;
- make recommendations regarding TEI submissions to government officials (including the European Union) on matters of European indirect taxation;

- follow up (where appropriate) on the Institute’s written submissions on subjects within the committee’s jurisdiction;
- initiate actions and cooperate with government officials regarding programs designed to improve tax administration (in consultation with other TEI committees, where appropriate); and
- plan and develop the technical content of programs for TEI courses, seminars, and conferences.

Financial Reporting Committee

This committee has responsibility for updating TEI members on tax-related financial reporting matters and recommending TEI action. To perform this function, the committee shall:

- review guidance relating to tax-related financial reporting matters (including exposure drafts, statements, pronouncements, or interpretations issued by the Financial Accounting Standards Board or other standards-setting body) and prepare, when appropriate, position papers setting forth the view of the committee for the consideration of the Executive Committee and the Board of Directors;
- promote the exchange of information between the committee and TEI chapters to help members in the resolution of tax-related financial reporting problems (where appropriate, in consultation with other TEI committees);
- make recommendations regarding TEI submissions to Congress, Securities and Exchange Commission, Public Company Accounting Oversight Board, Financial Accounting Standards Board, International Accounting Standards Board, or other standards-setting body for the improvement of tax-related financial reporting policy and administration and for the development and fostering of communication and cooperation between standards- setting officials and TEI members;
- follow up (where appropriate) on the Institute’s written submissions on subjects within the committee’s jurisdiction; and
- develop programs for the education of existing and prospective corporate tax administrators and executives, and, where appropriate, plan and develop the tax-related financial reporting technical content of programs at TEI courses, seminars, and conferences.

IRS Administrative Affairs Committee

This committee has responsibility for issues concerning how the U.S. tax system operates, rather than on specific substantive provisions of the tax law, including areas of procedural concerns, such as coordination of industry groups within the IRS’s Large Business and International (LB&I) Division; the examination and appeals processes; the development of tax forms, schedules, and

instructions; the structure and administration of penalties; the regulatory guidance process; service center issues; and IRS staff selection and training. To perform this function, the committee shall:

- review proposed federal tax legislation, decisions, and administrative proposals, and prepare position papers setting forth the views of the ;
- follow up (on the Institute’s written submissions on subjects within the committee’s jurisdiction;
- coordinate its activities with other TEI technical committees;
- promote the exchange of information between the committee and TEI chapters to help members resolve federal tax administration issues;
- attend liaison meetings with government officials to discuss federal tax matters and improve the administration of the federal tax system (most particularly, with LB&I); and
- develop programs for in-house tax professionals, and develop the technical content of programs for TEI seminars and conferences, including coordinating the involvement of IRS industry representatives at TEI conferences.

Latin America Tax Committee

This committee is responsible for updating TEI members on direct and indirect tax issues in Latin America and recommending TEI action. To perform this function, the committee shall:

- take the lead in setting TEI’s advocacy agenda regarding Latin America tax matters and coordinate advocacy activities with other TEI committees;
- study and develop ways to stimulate communication and accelerate the interchange of information between the committee and TEI chapters regarding tax administration in Latin America operations;
- survey and study tax administrative practices of Latin America countries;
- keep abreast of significant Latin America tax legislation, decisions, and administrative rulings and procedures in those jurisdictions, as well as tax treaty issues;
- make recommendations regarding TEI submissions to government officials on matters of Latin America taxation;
- follow up (where appropriate) on the Institute’s written submissions on subjects within the committee’s jurisdiction;
- cooperate with government officials in programs designed to improve tax administration (in consultation with other TEI committees, where appropriate); and

- plan and develop technical content for TEI courses, seminars, and conferences.

Tax Leadership & Development

Formerly known as the Corporate Tax Management Committee, this committee shall:

- study, promote awareness, and seek continuous improvement of the tax department management by providing workshops, seminars, and conference sessions within TEI;
- make sure the results of studies or other pertinent information related to the function of tax department management are communicated through chapter liaisons to their members, as well as through regular TEI publications;
- develop studies, ideas, and guidelines related to tax executive functions and the structure or framework through which tax executives maximize tax department value and efficiencies throughout the business;
- with other Institute committees, develop specific programs geared to improving the professional competence and stature of tax executives according to the Mission, Principle and Purposes, and Standards of Conduct of TEI; and
- study and make recommendations to the Executive Committee and the Board of Directors regarding special projects or initiatives to assess the related effect of corporate tax law on tax administration.

Tax Reform Task Force

The Tax Reform Task Force was formed in 2006 to review the recommendations in the Report of the President's Advisory Panel on Federal Tax Reform and develop TEI's related advocacy priorities. The task force plays a continuing role with respect to the reforms enacted in Public Law 115-97, informally known as the Tax Cuts and Jobs Act, and, more recently, the business tax provisions enacted in the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136) and related legislation. The task force is responsible for developing and coordinating TEI's federal legislative and administrative advocacy efforts in these areas in consultation with the Institute's standing committees.

- review proposed federal tax legislation, decisions, and administrative proposals, and prepare position papers setting forth the views of the committee for consideration by the Executive Committee and the Board of Directors;
- follow up on the Institute's written submissions on subjects within the committee's jurisdiction;
- coordinate its activities with other TEI technical committees;

- promote the exchange of information between the committee and TEI chapters to help members resolve federal tax administration issues;
- attend liaison meetings with government officials to discuss federal matters to improve the administration of the federal tax system (most particularly, with LB&I); and
- develop programs for the education of tax executives, and develop the technical content of programs for TEI seminars and conferences, including coordinating the involvement of IRS industry representatives at TEI conferences.

Tax Technology Committee

Formerly a subcommittee of the Corporate Tax Management Committee, this committee shall:

- study, promote awareness, and seek continuous improvement of the tax technology function by providing workshops, seminars, and conference sessions within TEI;
- make sure the results of studies or other pertinent information related to the tax technology function are communicated through liaisons with chapters and their members as well as through regular TEI publications;
- with other Institute committees, develop specific programs geared to improving the professional competence and stature of tax executives according to the Mission, Principle and Purposes, and Standards of Conduct of TEI; and
- study and make recommendations to the Executive Committee and the Board of Directors regarding special projects or initiatives to assess the related effect of tax technology.

U.S. Federal Tax Committee

This committee has responsibility for updating TEI members on U.S. federal tax matters and recommending TEI action. To perform this function, the committee shall:

- review proposed federal tax legislation, decisions, and administrative proposals and prepare, position papers setting forth the view of the committee;
- promote the exchange of information between the committee and TEI chapters to help members resolve federal tax administration problems (in consultation with the IRS Administrative Affairs Committee);
- make recommendations regarding TEI submissions to Congress, the U.S. Treasury Department, and Internal Revenue Service for the improvement of tax policy and administration and for the development and fostering of communication and cooperation between tax officials and TEI members;

- follow up on the Institute’s written submissions on subjects within the committee’s jurisdiction; and
- develop programs for the education in-house tax professionals, and develop the U.S. federal tax technical content of programs at TEI courses, seminars, and conferences.

U.S. International Tax Committee

This committee has responsibility for updating TEI members on the U.S. tax aspects of international operations, including customs and tax treaty matters and matters of special concern to non-U.S. owned multinational corporate groups and corporations operating in Puerto Rico and U.S. possessions, and recommending TEI action. To perform this function, the committee shall:

- take the lead in setting TEI’s advocacy agenda with respect to U.S. International Tax matters and coordinate advocacy activities with other TEI committees ;
- study and develop ways to stimulate communication and accelerate the interchange of information between the committee and TEI chapters regarding tax administration in international operations;
- survey and study U.S. tax administrative practices as they relate to international operations;
- keep abreast of significant U.S. tax legislation decisions and administrative rulings and procedures bearing on international operations and tax treaty legislation and decisions;
- keep abreast of significant developments with respect to the Organisation for Economic Cooperation and development and coordinate advocacy activities with other TEI committees;
- make recommendations regarding TEI submissions to government officials on matters of U.S. international taxation;
- follow up on the Institute’s written submissions on subjects within the committee’s jurisdiction;
- cooperate with government officials in programs designed to improve international tax administration (in consultation with the IRS Administrative Affairs Committee); and
- plan and develop the international taxation technical content of programs for TEI courses, seminars, and conferences.

U.S. State and Local Tax Committee

This committee has responsibility for updating TEI members on state and local tax matters and recommending TEI action. To perform this function, the committee shall:

- study and recommend ways to stimulate communication between the committee and chapters regarding state and local tax administrative and legislative problems and possible solutions;
- study state and local tax legislation, decisions, administrative rulings, and procedures to determine their effect on tax administration, and make recommendations for improvements in such legislation, decisions, rulings, and procedures;
- study federal legislative proposals on state tax issues to determine their effect on state tax administration, and make recommendations for improvements;
- review judicial decisions relating to state tax issues (especially those subject to review by the Supreme Court of the United States) and recommend whether TEI should file amicus briefs in cases of broad application;
- encourage local chapters to initiate, under the direction of the committee, cooperative efforts with authorities responsible for the administration of state and local taxes in studies and projects, such as the formation of advisory or liaison committees, designed to improve tax administration; and
- plan and develop the state and local taxation technical content of programs for TEI courses, seminars, and conferences.

Women's Tax Network

The Women's Tax Network (WTN) was established to support women working as in-house tax professionals, along with their peers, supporters, mentors, and advocates. The committee is open to all genders and ethnicities.

The WTN shall:

- connect with fellow members to share experiences, seek advice, and build lasting relationships with fellow women tax professionals;
- empower women through a regular discussion series exploring the essential knowledge, skills, and perspectives needed to become leaders in the tax field and to navigate challenges; and
- elevate women by finding opportunities for leadership roles inside and outside of TEI.

Young Tax Network

The Young Tax Network (YTN) was established for in-house tax professionals in their first decade of work or students interested in tax. The YTN shall:

- connect young tax professionals to network with peers and share their experiences;
- conduct monthly webinars on topics dedicated to young tax professionals; and
- oversee the organization and execution of TEI’s International Tax Student Case Competition, which brings together students, mentors, practitioners, and judges from around the world for several days of learning, connection, and collaboration.

Committees on TEI Organization

Advisory Committee to the President

This committee consists of Past Presidents eligible for membership and is responsible for advising the President. This committee also is responsible for handling external affairs concerning the Institute that have not been assigned to another committee, as directed by the President.

Awards Committee

This committee is appointed by the President and shall:

- review and recommend changes to the guidelines for Distinguished Service Awards, Honorary Memberships, President’s Awards, Committee and Chapter Meritorious Service Awards, Pro Bono Awards, and other honorary recognitions; and
- review the qualifications of proposed award recipients when nominations are referred to the committee.

The committee may not initiate action to nominate people for awards of any kind.

The principles and guidelines for TEI’s awards as approved by the Board (including who may make nominations) are found in the **Institute Awards** section of this Manual.

Continuing Education Committee

This committee consists of chairs of Institute’s committees on tax and tax-related issues and shall:

- with the Institute’s staff, develop an ongoing calendar, topics, and faculty for TEI and TEI Education Fund’s conferences, courses and seminars;
- recommend speakers and subject matter for the technical sessions at the Annual and Midyear Conferences; and
- establish Institute policies and procedures relating to the organization, promotion, and administration of TEI and TEI Education Fund educational programs.

Investment Committee

(Members appointed by the Board of Directors)

The Investment Committee oversees the work of the Treasurer and staff to ensure the appropriate investment of the Institute's funds. The committee reports to the Executive Committee and consists of the current Treasurer, the Secretary, and the Executive Director, with the Treasurer-nominee joining the group as an *ex officio* member after their selection by the Institute's Nominating Committee (in October).

The committee shall periodically review the Institute's investment results and is responsible for evaluating the performance of the investment manager. The Investment Committee will meet, in person or otherwise, no less than twice per year and ideally before each Board meeting. In addition, the committee should meet at least annually with the investment manager.

Membership Committee

(Members appointed by the Board of Directors)

This committee shall:

- act on all membership applications, including applications for reinstatement in accordance with the standards established in the By-Laws and with guidelines approved by the Board (*see the **Membership Categories and Guidelines** section of this Manual for membership qualifications*);
- develop and make recommendations to the Board on issues arising regarding membership questions, including the status of members, qualifications for membership, and affiliation with local chapters; and
- study and develop means of expanding the membership and help the chapters to carry out such expansion programs as the Board considers advisable.

Nominating Committee

(Members appointed by the Board of Directors)

The structure and composition of this committee is in Article V of the By-Laws. The committee shall make nominations for officers of the Institute, which are decided upon by the majority of the entire committee and reported to the Secretary of the Institute by January 31 of each year. The Nominating Committee operates from the Midyear Conference (or no later than April 30th) until it completes its report shortly after the Annual Conference.

The Nominating Committee is responsible for assessing the qualifications of all candidates for Institute offices (including Regional Vice Presidents). *See* the **Institute Nominating Committee Procedures** section of this Manual.

Institute Policy on Legislative and Technical Activities

Since 1972, TEI has taken positions on issues of tax administration and policy in accordance with policies and procedures adopted by the Institute's Board of Directors. Over the years, this policy has been modified, and in 1991 the Institute's Board approved a comprehensive restatement of the Institute's policy on legislative and technical activities. That restatement follows. (Approved, March 23, 1991.)

Purpose

To set forth the policy and procedures of Tax Executives Institute relating to the character, scope, and nature of representations to all levels of government that may be made in the Institute's name.

Following a preamble and prefatory comments on the scope of representations to be made, the statement sets forth general guidelines relating to TEI's legislative and technical activities. Next, the statement discusses the procedures to be followed in adopting and advocating particular positions. These procedures are divided into four parts:

- General Procedures for Executive Committee Action
- Special Rules Relating to State and Local Activities
- Special Rules Relating to Canadian Local Activities
- Special Rules Relating to Amicus Briefs

Preamble

Tax Executives Institute, Inc. may take and disseminate positions on issues affecting taxpayers in the United States, Canada, or other countries (including any political subdivision). Such issues may relate to direct or indirect taxation of business entities, their affiliates, or employees, or to the administrative burden imposed by tax rules on the business community.

TEI will focus primarily on issues of a tax policy or tax administrative nature but may also address other issues of concern to a broad segment of the Institute's membership. Such latter issues, however, must be non-divisive and essentially non-controversial within TEI's membership, and generally must not be taxpayer or industry specific. Issues addressed by the Institute must be tax-oriented rather than relating to broad public policy concerns (even if reflected in tax law changes), though TEI may comment upon the utilization of the tax law to achieve non-revenue goals.

TEI will not make political statements or act as a political or partisan organization. Hence, the Institute will adopt a non-partisan approach to substantive tax issues. TEI may undertake to develop, support, and otherwise promote the enactment, amendment, or defeat of legislation to

advance the Institute's goals. The same principle of political non-partisanship shall govern the Institute's technical activities outside the legislative realm (i.e., before administrative agencies or the courts). TEI will undertake to respond to requests from any governmental official or entity for the Institute's views only if the Institute can formulate a position in accordance with its established policies and procedures.

Scope

Representations in the Institute's name can be made to legislative bodies and executive agencies at all levels. Thus, submissions can be filed with and testimony presented to Congress, any of its members, committees, or staff; the Department of the Treasury, the Internal Revenue Service, and any other U.S. agencies; state (or local) government officials or agencies; Canadian federal or provincial (or local) government officials or agencies; or other governmental or quasi-governmental officials or agencies. In addition, in appropriate cases, the Institute may become involved in litigation as an *amicus curiae*.

General Guidelines

TEI must vigilantly promote and rigorously safeguard the integrity and professionalism of the Institute, its members, and employers of its members.

- TEI's legislative and technical activities (including those by the Institute's chapters) will be governed by the procedures set forth in this statement. Activities not conducted in accordance with those procedures or these guidelines are expressly prohibited.
- Except as modified by the special rules set forth in respect of chapter submissions and in respect of Canadian submissions, the Executive Committee of the Institute (by a two-thirds affirmative vote) shall approve the manner and content of the representation and the person (or persons) to appear where that is required, and all written representations shall be signed by the Institute President.
- TEI members will be informed of the Institute's positions on legislative and technical matters and will be encouraged to participate in the development and advancement of those positions.
- TEI will not engage in "grass roots lobbying" within the meaning of section 162(e)(2)(B) of the Internal Revenue Code and the related Treasury Regulations.
- TEI will encourage informal interchanges with government representatives (including "brainstorming sessions") in order to facilitate the development of solutions to difficult issues. The positions espoused by TEI representatives during such interchanges must not be represented as the official position of the Institute unless those positions have been approved in accordance with the procedures set forth in this statement.
- In furtherance of the Institute's goals, TEI chapters are encouraged to meet with local officials, state legislators and agency administrators, and district and regional IRS personnel, and their

counterparts in Canada. The Institute's regions are likewise encouraged to meet with regional IRS and Canada Revenue Agency personnel, as well as with state and provincial tax administrators. TEI meetings and TEI communications with IRS National Office officials, however, must be coordinated through the Institute's Executive Director.

- Although the Institute will maintain communication with similar professional or business associations (and will coordinate activities to the extent consistent with the Institute's goals), TEI will not join coalitions or execute letters or submissions as one of a group of organizations. [Exceptions to this rule may be approved in advance by the full Board of Directors.]

Procedures

Requests to use Tax Executives Institute's name in a legislative or technical presentation may emanate from a standing committee, a chapter, or a special committee. Upon a vote of approval of two-thirds of its members, the Executive Committee may determine that a particular issue deserves representation by TEI.

General Procedures for Executive Committee Action

1. Standing Committee Proposals. It is anticipated that most proposals will be initiated by a standing committee. The Executive Committee will consider proposed submissions or testimony on legislative or technical matters only after such proposals have been reviewed by the pertinent committee chair and the Institute's professional staff.
2. Chapter Proposals. Presentations to state, provincial, or local government bodies on issues of concern to the Institute as a whole are encouraged. *See* the section on **Special Rules Relating to State and Local Activities**.
 - A. If the issue is local in nature, the Executive Committee will consider requests for Institute involvement by the chapter or chapters having membership resident in the governmental jurisdiction involved upon written request approved by two-thirds of the Board of Directors of a chapter within that jurisdiction.
 - B. The Executive Committee will refer such matters to a standing or special committee for advice prior to its consideration of the request.
3. Special Committees. It is possible that members will request representation on substantive issues requiring expertise not readily available in a standing committee or individual chapter. The Executive Committee may appoint a special committee of not fewer than 5 or more than 10 members known to be particularly competent with respect to the issue involved. Said committee will be empowered to recommend action to the Executive Committee.

4. Testimony. Where TEI chooses, or is called upon, to testify before a legislative body or executive agency, the Institute shall be represented by its President, or by whichever committee chair, member, or member of the professional staff that the Institute President designates. The content of the testimony remains subject to these procedures, though the President retains the discretion to determine whether testimony in support of a previously approved TEI position should be reviewed by the Executive Committee.

Special Rules Relating to State and Local Activities

The following rules governing state and local tax legislative and technical activities supplement the Institute's general policies on legislative and technical activities.

1. Overview. One of the Institute's goals is the provision of meaningful analysis and comments on state and local tax issues to both legislative and administrative officials.
2. Liaison Activities vs. "Lobbying." Liaison meetings at the chapter level with legislators, departments of revenue or taxation, and other agencies should be viewed as a normal TEI activity and are encouraged. Except as specifically approved by the Institute's President, however, direct involvement by a chapter, its officers, and individual TEI members on behalf and in the name of the Institute in lobbying activity is expressly prohibited. In addition, chapters and regions are prohibited from becoming dues-paying members of other organizations (including chambers of commerce, economic development boards, and fund-raising entities).
3. Chapter Activity on Behalf of the Institute. Chapter technical activities are explicitly limited to issues of tax administration. Because of the possible conflict of interest between taxpayers resident in a state and nonresident taxpayers, a chapter must not unilaterally undertake to adopt and espouse positions on the Institute's behalf in respect of matters outside the tax administration arena.
 - A. Scope. If a matter is outside the tax administration arena, it must be submitted through the chair of the State and Local Tax Committee for ultimate action by the Institute; on such issues, the Institute may elect to act via a position paper, to request the chapter to act on the Institute's behalf, or to take another course of action (subject to the general constraints of these procedures). On matters of tax administration, the chapter must initiate a request through the chair of the State and Local Tax Committee for Institute approval prior to undertaking any action.
 - B. Decision-Making Procedure. Proposed tax administration action by a chapter must be outlined by the chapter's State and Local Tax Committee for submission to the Institute's State and Local Tax Committee, which in turn will recommend whether or not the Institute should sanction such activity.

- The activity must be approved by the Board of Directors of the affected chapter. In addition, the chapter activity should be coordinated with other chapters, if any, within the affected state.
- If approval is granted, the drafting of position papers, proposed testimony, and other materials shall be the responsibility of the chapter, working in concert with the Institute's State and Local Tax Committee and the Institute's professional staff.
- All submissions, testimony, etc., must be approved by the Institute's President before their release by the chapter president.
 - Where the proposed activity essentially complements and builds upon a position previously adopted by the Institute, the President may invoke a special procedure whereby the activity may be approved by the President, Senior Vice President, and the Executive Committee liaison to the State and Local Tax Committee (with appropriate advice and counsel from the chair of the State and Local Tax Committee).
 - The chapter president shall sign all submissions and the chapter president (or an alternate designated by the Institute's President) shall present all testimony approved under these procedures.

C. Court Cases. With respect to involvement in court cases involving state and local tax issues, *see* **Special Rules Relating to Amicus Briefs** below.

Special Rules Relating to Canadian Activities

The following rules governing Canadian legislative and technical activities supplement the Institute's general policies on legislative and technical activities.

1. Overview. Among the Institute's goals is to provide meaningful analysis of and comments on Canadian (federal and provincial) tax issues to both legislative and administrative officials.
2. Special Rules.
 - A. General. Submissions to the Canadian federal government are subject to the same general procedures and guidelines as submissions to U.S. tax officials. However, the Executive Committee generally grants the Canadian Income Tax Committee and Canadian Commodity Tax Committee broad latitude in developing the Institute's positions on such issues. The Executive Committee

retains authority over, and responsibility for, such technical and legislative representations.

- B. Submissions to Federal Government. Submissions on Canadian tax issues are to be signed by the Institute's President, but such submissions are to be transmitted to the appropriate official or agency by means of a covering letter signed by the Institute's Vice President for Region I. In addition, in communicating with government officials, the Officer may present his or her title as "Vice President-Region I (Canadian Affairs)" or "Vice President for Canadian Affairs."
- C. Submission on Provincial Issues. With respect to chapter activities on provincial tax issues, the concerns and procedures set forth in "Special Rules Relating to State and Local Activities" shall apply. The chapter or region must initiate a request through the chair of the pertinent Canadian committee for Institute approval prior to undertaking any action. Where the proposed activity essentially complements and builds upon a position previously adopted by the Institute, the President may invoke a special procedure whereby the activity may be approved by the President, Senior Vice President, and the Executive Committee liaison to the pertinent Canadian committee, and the Institute's Vice President-Region I (with appropriate advice and counsel from the chair of the pertinent Canadian committee).

Special Rules Relating to Amicus Briefs

1. Overview. Although it is anticipated that the bulk of the Institute's technical activities will be directed to executive and legislative agencies in the United States, Canada, and the states and provinces, the Institute is committed to involvement in court cases (as an *amicus curiae*) where such involvement will further the overall interests of its members as well as the basic mission, principle, and purposes of the Institute itself. At the same time, the Institute will be judicious in allocating its resources to particular activities because the persuasive value of a particular amicus brief is limited compared with the value of representations made to executive or legislative agencies.
2. Decision-Making Procedure. The decision whether the Institute will file an *amicus* brief in a particular case will depend on several factors: the posture of the case, the nature of the legal questions involved (and what TEI could contribute to their resolution), the time constraints imposed by the court's rules, and the Institute's other priorities. These issues must be addressed in a memorandum prepared by the Institute committee advocating TEI involvement in a particular case.
3. Burden of Persuasion. The Executive Committee will not approve the Institute's involvement in a case as *amicus curiae* unless the Institute's brief would bring a new or

unique perspective to the issue(s) before the court. TEI has no interest in simply adding its name to a stack of *amicus* filings.

4. Preparation of Brief. Any brief filed by the Institute will be prepared and reviewed in accordance with the Institute's general procedures. Thus, TEI will prepare its own briefs or will engage outside counsel to write them. The Institute will not lend its name to briefs prepared by others, nor will it accept funding for briefs from employers of its members or others.

TEI Lobbying Activities

U.S. Lobbying Activities: Non-Deductibility

The Internal Revenue Code restricts the deductibility of expenditures for certain lobbying activities as a business expense. Although an exception is provided for lobbying communications in respect of "local" legislation (e.g., communications made to a local council or zoning board), there is no blanket exception for lobbying activities at the federal or state level. Thus, discussions with federal or state legislators expressing a view on a piece of pending legislation may be subject to the disallowance rules. The regulations provide a five (5) percent *de minimis* rule as an exception to the reporting requirements for lobbying activities. Thus, a person who spends less than five percent of his or her time on lobbying activities need not account for the hours. There is an exception to the *de minimis* rule, however, for "direct contact" lobbying. "Direct contact" lobbying consists of meetings, phone calls, letters, or communicating by other means with a legislator or covered executive branch official, if the communications activity otherwise qualifies as a lobbying activity. All hours spent by a person on direct contact lobbying (as well as the hours that person spends in connection with direct contact lobbying, including time spent traveling) must be allocated to lobbying activities. The direct contact rule applies only to the individuals who make the direct contact, not to support personnel who engage in research, preparation, and other background activities but who do not make direct contact.

If a trade association uses the services of a member's employee, at no cost to the association, to conduct research or other activities to support the association's lobbying communication, the association's purpose and actions are attributed to the member. Thus, the member is treated as influencing legislation with respect to the employer's work in support of the lobbying communication. If a taxpayer's employee who is not acting within the scope of his or her employment volunteers to engage in activities influencing legislation, however, then the taxpayer is not influencing legislation.

Disclosure of Lobbying Activities.

The Lobbying Disclosure Act requires individuals who make "lobbying contacts" with Congress and certain government officials to register as lobbyists and file quarterly reports disclosing their lobbying activities. The definition of lobbying activities is similar to the one used for tax purposes, although written or oral testimony that is a matter of public record is not included. If no single

employee spends at least 20 percent of his or her time on lobbying matters, then no registration is required. To date, TEI has come within the de minimis rule and has not registered under the Act.

Canada has also enacted lobbying registration legislation. Under the Federal and Ontario Lobbyists Registration Acts, a non-profit organization is required to register as a lobbyist where a “significant” portion of its paid employees’ time is devoted to lobbying activities. Where the accumulated lobbying activities of all employees would constitute a significant part (20 percent or more) of the duties of one equivalent employee, then the senior officer (i.e., the Institute’s Executive Director) would be required to register on behalf of the organization. “Public” communications or communications related to the interpretation of a rule of law, however, are excluded from the definition of lobbying. To date, TEI has come within the exceptions and has not registered.

The European Commission and Parliament have established a Transparency Registry to provide information about who is engaged in activities aimed at influencing the European Union’s decision-making processes, what interests are being pursued, and what resources are invested in these activities. Because TEI makes advocacy submissions to the Commission about tax rules and regulations, the Institute has registered and been assigned registration number 52413445902-12.

Registration provides EU decision makers with assurance that they are interacting with an organization that “plays by the rules” in full transparency in respect of its aims, means, and objectives. Registration also carries with it the obligation for TEI and anyone acting on its behalf to abide by the code of conduct for registrants. Hence, before making representations to the EU in any fashion on behalf of the Institute, members should review the entire code of conduct, currently available at <http://europa.eu/transparency-register/>. There are nine principles but, briefly restated, the rules require that registrants and their representatives:

1. Disclose who is being represented (including using the TEI registration number on documents submitted to the EU).
2. Be honest in all representations with the EU, EU personnel, and others in connection with EU matters.
3. Refrain from using (or giving the appearance of using) undue influence on EU employees or obtaining information that is not public.
4. Refrain from attempting to induce EU employees to violate the rules, including their obligation to maintain confidentiality.

Institute Nominating Committee Procedures

(Revised, June 2020)

1. The function of the Nominating Committee is to nominate the Senior Vice President, Secretary, Treasurer, and eleven Regional Vice Presidents for the succeeding year. (Under the By-Laws, the current Senior Vice President will automatically become President.)
2. Information about the Nominating Committee (including names and telephone numbers) is posted on TEI's website, encouraging TEI members to contact committee members regarding potential nominees. Qualified individuals are encouraged to make their interest known to the Chair of the Nominating Committee.
3. The Board of Directors appoints a Nominating Committee each year at its August meeting (immediately after the Annual Meeting of Members).
4. The Committee consists of the Institute's Immediate Past President (who serves as Chair), its current President, its Senior Vice President, and one representative (as well as an alternate) from each of TEI's eleven regions.

Nominating Committee Selection

5. No later than April 30 of each year, each region selects a Nominating Committee member and an alternate. The region's current Regional Vice President and its incoming Regional Vice President-Elect (if the Regional Vice President is not serving another term) will coordinate this process.
6. The Regional Vice President team consults with each chapter in the region to identify eligible Nominating Committee members and alternates. Eligible members must be presented to chapter leadership and approved by the chapter by chapter vote. The two members receiving majority approval are appointed to be the Nominating Committee member and the alternate.
7. The alternate Nominating Committee member will normally ascend to be the primary Nominating Committee member in the year following their service as an alternate, assuming they are still a member in good standing in that region in the following year.
8. Regions are encouraged to rotate among chapters in the region when selecting Nominating Committee members.
9. Members of the Board of Directors may also serve on the Nominating Committee, as long as the Board member is not running for Institute Officer (subject to an exception for representatives from the Institute's non-North American chapters and regions provided no other member from the affected chapter or region is available to serve), serving on the Executive Committee (subject to exception for the President and Senior Vice President who

will also serve on the Executive Committee), or a Past International President in the second year after serving as President.

10. A Nominating Committee member from a non-North American chapter or region who is on the ballot (e.g., for Region Vice President) must leave the room during discussion and voting and may reenter once voting for that position has concluded. Under no circumstances, however, may a member serve on the Nominating Committee if that member is running for Secretary.
11. Any Nominating Committee member who wishes to run for Secretary must allow for at least a one year waiting period between service on and resignation from the Committee and the announcement of their intent to run for Secretary (effectively a two-year span, one year waiting period and one year to run).

Nominating Committee Operations

12. The Nominating Committee operates from the Midyear Conference (or no later than April 30th) until the completion of its report shortly after its in-person meeting at the Annual Conference where the Committee deliberates and votes on Institute officers (the Voting Meeting).
13. The Executive Director will contact the Chair of the Nominating Committee to confirm the Voting Meeting date, and a notice will be sent to Committee members as soon as practicable. It is anticipated that the Voting Meeting will be held during the Annual Conference. A conference call should be held with the Nominating Committee shortly after its appointment to discuss the complete nomination process, including the expectation that potential nominees and their supporters may contact individual members of the Committee. The By-Laws require that the Committee's report be filed by January 31, but it is anticipated that the report will be completed within two weeks of the Voting Meeting.
14. A list of potential nominees, developed by the staff for review by the Chair, should include:
 - Current Secretary and Treasurer
 - Current and former Executive Committee members
 - Current and former Regional Vice Presidents
 - Current and former Committee Chairs
 - Current and former Chapter Representatives and Chapter Presidents

This list should include the member's name, company, chapter, years of membership, education, and other qualifications (including TEI experience).

15. After discussing the preliminary list with the Nominating Committee Chair and making appropriate revisions, the Executive Director will circulate the list of potential nominees to Nominating Committee members. The transmittal letter will also confirm the date and time of the Voting Meeting and discuss the opportunity to adjust the list of potential nominees.
16. The staff will revise the list to reflect input from members of the Committee. An updated list will then be distributed to the Committee. The top candidates for the Secretary position — as identified by the Nominating Committee — will be asked to provide a C.V. describing their qualifications (including examples of their leadership experiences at their jobs and with other organizations), TEI projects and accomplishments, and the reasons for wanting to be considered. The Chair of the Committee will inform the Executive Director of the candidates whose C.V.s should be requested.
17. The Nominating Committee members will consult with one another as well as with chapter and regional leadership in assessing qualifications of potential nominees and should share a list of potential nominees (for Senior Vice President, Secretary, Treasurer, and the Regional Vice President positions) with the other Committee members. Regional representatives on the Nominating Committee are encouraged to suggest potential candidates, not only for the vice president position in their respective region but for the other offices as well. These conversations should take place before the Voting Meeting.
18. Pursuant to guidelines adopted by the Board of Directors, in identifying candidates for nomination, members of the Nominating Committee shall give *due regard* to the desirability of achieving geographic and jurisdictional diversity, demographic factors including industry, race, and gender, and the candidates' prior or current Institute experience and positions. No single factor shall be controlling, and no member shall be nominated (or precluded from nomination) solely on the basis of the person's chapter, region, industry, or other attributes.
19. The Nominating Committee should also assess the ability of a candidate to represent the business tax community effectively (as evidenced, for example, by broad-ranging tax expertise, significant managerial experience, or participation in other organizations), as well as the candidate's commitment to inclusiveness and collaborative decision-making.
20. While members of the Nominating Committee have discretion to suggest candidates from their own chapter or (in respect of Senior Vice President, Secretary, and Treasurer) region, they are encouraged to recommend candidates on the basis of the individuals' overall qualifications and potential. In this regard, members of the Committee should consider whether a potential candidate might benefit from serving in a "subsidiary" role (such as committee or task force chair or a member of the Executive Committee) in advance of consideration as a candidate for a Senior Officer position. (The Senior Vice President, as the Institute's next President, will be in a position to act upon any such recommendation.)
21. Before the Voting Meeting, Nominating Committee members should provide the Executive Director with a list of top candidates for the three senior positions (Senior Vice President,

Secretary, and Treasurer) plus — in respect of the regional representatives — their respective Regional Vice President. The preferences will then be compiled to facilitate the running of the actual Voting Meeting.

22. Before the Voting Meeting, the Chair should confirm the availability of potential nominees for the three senior positions, and the regional representatives should contact potential nominees for Regional Vice President within their respective regions to confirm their desire and availability to serve.

Specific Considerations for Evaluating and Selecting Regional Vice President Candidates

23. Regional Vice Presidents serving in their first term who are willing to extend their service as Regional Vice President for a second year should indicate their willingness to do so. The Regional Vice Presidents, the Nominating Committee member, and the alternate, using a list of eligible members, will gather a list of qualified candidates to serve. Potential candidates should be approached individually and asked about their interest in serving. Those who are interested should present their qualifications and ideas for the region to the Regional Vice Presidents, the Nominating Committee members, and the chapter presidents and representatives.
24. Candidates for Regional Vice President should generally have TEI experience in a significant Institute-level position. As a general matter, a candidate should not be selected as Regional Vice President because it is a particular chapter's (or individual's) "turn." Rather, the Nominating Committee should consider a potential candidate's prior TEI experience, including service as —
 - Chapter President,
 - Chapter Representative to the Institute Board of Directors,
 - Chair of an Institute committee (including a subcommittee or task force),
 - Member of the Executive Committee,
 - Member of an Institute committee or task force or participant in a committee, task force, or working group project, or
 - Regional Vice President.
25. In addition, the Nominating Committee should assess the potential candidate's —
 - Ability, willingness, and financial wherewithal to attend the meetings of the Board and otherwise participate in Board activities during the year, and
 - Desire to remain active in TEI beyond the current year.

26. If one candidate emerges, the candidate should be presented to the chapters for approval. If more than one qualified candidate emerges, the Regional Vice Presidents should present the candidates to the chapters for a vote. The candidate selected shall be the nominee of the region at the Voting Meeting.
27. Each chapter should be given an opportunity to nominate a member to serve as Regional Vice President. Regions are encouraged to rotate this opportunity to serve among the chapters.

Specific Considerations When Evaluating and Selecting Secretary Candidates

28. The **Leadership Development Guidelines** reprinted in this Manual describe the experience, knowledge, and skills that the Nominating Committee will consider when evaluating and selecting candidates for Secretary. As set forth in the guidelines, Candidates should generally have TEI experience as —
 - Chapter President,
 - Member of the Institute Board of Directors as a Chapter Representative or Regional Vice President,
 - Member of the Executive Committee, and
 - Chair of an Institute Committee (including a subcommittee or task force).
29. It is expected that members wishing to be considered for the Secretary position will undertake efforts to inform Nominating Committee members and other TEI members of their qualifications for office. The start of the candidates' efforts to educate members about their background and strategic vision for TEI is July 1st of each year.
30. Nominating Committee members should invite candidates to present their list of qualifications and ideas for TEI to Regional Vice Presidents and Nominating Committee members. Copies of any documents shared should be provided to Chapter Presidents, Chapter Representatives, and other interested members of the region (*i.e.*, prior Regional Vice Presidents, Past International Presidents, etc.)
31. Calls should be scheduled for candidates to introduce themselves to chapter and regional leadership and interested members of the region, as listed above. All candidates should be given an equal opportunity to present. Those on the calls should be invited to ask questions and seek input from their chapter Boards of Directors.
32. After calls are completed, the Regional Vice Presidents and Nominating Committee members should solicit (via a separate call on which all chapters in the region are invited) the recommendation of each chapter. The region's recommendation should reflect the vote of the majority of the chapters within the region.

33. At the Voting Meeting, Nominating Committee members must cast their initial ballots in accordance with guidance received from the respective regions that they represent.

Voting Process Guidelines

34. Prior to the Voting Meeting, primary and alternate members of the Nominating Committee must caucus with representatives of their respective regions to determine each region's views on the candidates.
35. At the Voting Meeting, the Nominating Committee will discuss candidates for all 14 offices. The Chair will lead the discussion of (and derive consensus for) nominees for Institute officers. Except for the Chair and Institute's current President and Senior Vice President, each member of the Nominating Committee who is physically present at the Voting Meeting (the "physical presence requirement") will have an equal vote in determining the nominees for all 14 offices. Pursuant to the By-Laws, the current President and Senior Vice President are not entitled to a vote, and the Chair will have a vote only in the event of a tie.
36. If the circumstances are such that a Primary member cannot vote in person, then the Alternate member from that region shall vote in their place.
37. A Region's Primary and Alternate representatives to the Nominating Committee may be unable to attend the Voting Meeting due to a force majeure or other extenuating circumstances. In such circumstances, the Chair of the Nominating Committee in his or her sole discretion, not to be unreasonably withheld, may grant an exception to the physical presence requirement by allowing the absent Nominating Committee member to participate telephonically or by allowing such representative to name a replacement to the Nominating Committee from the representative's region who may also be a member of the Institute's Board of Directors. It is preferable to exclude all members running for office from the Nominating Committee; but if a replacement is on the ballot (e.g., for Region VP), then that person must leave the room during discussion and voting and may reenter once voting for that position has concluded. Under no circumstances, however, may a member serve on the Nominating Committee if that member is running for Secretary.
38. The Nominating Committee's first vote should be conducted by voice vote and any second or subsequent votes should be conducted by secret ballot.
39. Nominating Committee members must cast their first votes in accordance with guidance received from their respective regions. On any second or subsequent balloting, they may exercise their discretion.
40. Second and subsequent round voting procedures to be used by the Nominating Committee should be discussed in the Nominating Committee organizing conference call that is normally held after the Annual Meeting of Members and before the Annual Conference. Generally, the pool of candidates is known by this time.

41. Alternate Nominating Committee members are allowed to fully participate in all meetings, discussions, activities, and deliberations of the Committee, except for voting, as provided in these procedures.
42. Nominating Committee members, both Primary and their Alternates, have a confidentiality requirement and are tasked with an important role of selecting the future leaders of the Institute. It is expected that all candidates, surrogates, and TEI members shall treat Nominating Committee Members with professionalism and decorum in all interactions, both prior to and after announcement of the nominees selected for Institute office.
43. As soon after the Voting Meeting as practicable, the Chair will inform the nominees for each Senior Officer position of the Nominating Committee's decision and confirm their willingness to serve; the regional representatives will notify the nominees from their respective regions and confirm their willingness to serve.
44. A final report will be prepared and circulated among committee members for their signature; the report will be published in Tax Executive (and posted on TEI's website), together with information on nominating additional candidates by petition.

Guidelines for Candidate Conduct

45. Candidates for TEI office and their surrogates must exhibit decorum and professionalism at all times while seeking the nomination for Institute office. Candidates and surrogates should highlight each candidate's TEI resume, overall accomplishments and vision and qualifications for office. Negative comments about other candidates must be avoided at all times.
46. Declared candidates are encouraged to distribute to chapter leaders/Board members/regional leaders materials highlighting their TEI resume and professional accomplishments. Candidates should use regional "candidate calls" during the campaign to personally promote their qualifications.
47. Declared candidates and their supporters/surrogates that fail to follow the above best practices are subject to Institute sanctions, up to and including disqualification.
48. The Nominating Committee Chair, in consultation with Senior Officers, is the primary person responsible for overseeing campaign practices. TEI Staff will provide relevant background and interpretations as needed to the Chair. However, if a Candidate is in doubt as to any planned action or activity, they should not proceed until they seek clarification.

Leadership Development Guidelines

(adopted by the Board of Directors, 3/23/2014)

1. Diversity of the Institute’s membership, whether measured by geography, company size, or industry segment, adds to the richness of TEI as an organization and to the value of a TEI membership. Ensuring a robust pool of members prepared for senior leadership is essential to the Institute’s continuing success. The Board adopted the following leadership development guidelines for the dual purpose of providing potential candidates for Treasurer with a clearer outline of the type of knowledge, tools, and skills that the Institute’s Nominating Committee will consider when evaluating and selecting candidates for the senior leadership queue and providing the Nominating Committee with a series of guideposts for assessing potential candidates.
2. Overall Assessment Questions
 - Does the candidate have the ability to effectively represent the business tax community at large?
 - Does the candidate possess a broad range of experience and expertise in technical tax issues (including, for example, U.S. federal, international, state and local, tax controversy, indirect tax, VAT, HST, GST, etc.) and tax policy matters?
 - Does the candidate possess significant managerial experience?
 - Does the candidate have a demonstrated commitment to inclusiveness and collaborative decision making?
 - Does the candidate have the presence/carriage/deportment to be the “global face of TEI”?
 - At the time of consideration, does the candidate possess the support of his/her employer; and is it reasonable to expect that support to continue?
3. Substantive Framework
 - A. Experience and Accomplishments
 - Specific projects, reports, submissions (primary author or project leader)
 - Active member of Institute technical committee, task force, or group
 - Chapter President and other Chapter leadership experience

- Member, Institute Board of Directors (as Regional Vice President or Chapter Representative)
 - Executive Committee Member
 - Chair of Institute technical committee, subcommittee or task force
- B. Professional Tax Management Experience
- Organization (domestic only, multi-national, public/private, US-owned, foreign-owned)
 - Professional level (as of the time of consideration)
 - Function (e.g., compliance, planning, controversy)
4. Personal Leadership Skills (interpersonal or “soft” skills)
- Listening
 - Communicating (written/public speaking)
 - Collaboration/consensus building
 - Presence/deportment
 - Organization, time management, and leadership skills
5. Evaluative Guidance

Individuals are drawn to join TEI and its leadership for many different reasons. For some, the opportunity to be recognized as the leader of the leading in-house professional association presents one of the pinnacle opportunities of their professional careers, akin to becoming a partner in a professional services firm or the head of a tax practice. For others, it is richly satisfying to give back to the profession by stepping into a leadership role and volunteering their time.

In assessing a person’s skills and competencies, careful attention should be paid to the breadth of that experience rather than the depth in any one particular area. Because TEI represents the entire in-house professional community, it is important that candidates possess a well-developed, broad ability to relate to all disciplines within our community.

No individual candidate is perfect. Yet, with all other things being equal, TEI experience as a chapter president and chair of a technical committee or task force should be core TEI credentials for every candidate. These two roles provide the greatest insight into the structure and operations of TEI at the Institute and chapter levels and equip a candidate with the foundational elements necessary for successful leadership. We do recognize, however, that candidates may be presented who do not

possess one or both of these central credentials. This fact alone should not automatically exclude that candidate from consideration. However, it should compel the Nominating Committee to closely examine the question of whether the collection of other skills and experiences sufficiently compensates for these gaps. Again, because no candidate is perfect, each must be judged on his or her own merits utilizing these guidelines.

Institute Awards

The Board of Directors adopted the following principles and guidelines, which are followed by the Awards Committee in reviewing the qualifications of proposed award recipients.

Distinguished Service Award

The purpose of the Distinguished Service Award is to give recognition to outstanding achievements in the field of tax administration and to arouse public interest in and appreciation for the Institute's work.

Eligibility

➤ ***Experience***

- A nominee for the Distinguished Service Award shall have been primarily engaged in public or private tax administration, the activities of professional tax organizations, or in government service associated with taxation.
- In general, a nominee shall have spent a substantial period of time in the post of a principal administrator in order to be considered for this award. In exceptional cases, the Institute will consider granting the award to individuals engaged in non-government service whose long-standing contributions to the Institute and the tax field generally are so outstanding that they warrant recognition.

➤ ***Contributions***

- A nominee must be considered to have contributed clearly above and beyond the routine call of duty in furthering the principles and progress of tax administration and the tax profession.
- The nominee must have cooperated with the Institute and other professional tax organizations through liaison activities, conference participation, educational programs, or organization activities.
- The work of the nominee must have been so outstanding that it has achieved national or international prominence.

➤ ***Limitations***

- The award will ordinarily be considered when the nominee has reached or is approaching retirement. In truly outstanding cases, the award need not be deferred until actual retirement.

- In the case of a public official, the intention of a nominee to enter professional practice shall not of itself constitute a bar to the award.
- It is intended that the award shall be considered only for outstanding service; thus, it should not be awarded indiscriminately and there should only be a very few granted in any year. However, no annual limit on the number of awards should be established.

Procedure

➤ *Type of Award*

- The award shall consist of a suitably engraved certificate stating the name of the recipient and the name of the award. The certificate should be signed on behalf of Tax Executives Institute by its President and Secretary.

➤ *Nominations*

- Nominations shall be made in writing by any chapter, Institute committee, or Institute officer. A complete description of the nominee's contributions shall be given to satisfy the conditions outlined above.
- Nominations may be made at any time and submitted through the Executive Director for consideration by the Awards Committee. The Awards Committee shall investigate and make its recommendations to the Board of Directors at least seven days prior to the Board's consideration of the nomination.
- Awards shall be presented to recipients at a convenient time and place to be determined by the Board of Directors. The presentation shall be made not fewer than 60 days after approval and should be made at a TEI conference, joint TEI chapter function, or appropriate public ceremony.

Honorary Membership

The purpose of Honorary Membership is to recognize and express appreciation for outstanding service to TEI.

Eligibility

➤ *Experience*

- A nominee for Honorary Membership must have been a member of TEI. Note: The Board of Directors has approved exceptions in respect of the Institute's Managing or Executive Director.

➤ ***Contributions***

- A nominee shall have rendered outstanding service to TEI as Institute President or in some other major official capacity in the Institute.

➤ ***Timing***

- Honorary Membership should be conferred at a time when the presentation can be celebrated with the recipient's peers. If a Past International President is being considered for Honorary Membership, the award should be conferred after the nominee has completed his or her term of office. There should be no expectation that the Institute will routinely make the award to a Past International President.

Procedure

➤ ***Type of Award***

- The award shall consist of a suitably engraved certificate stating the name of the recipient and the name of the award. The certificate should be signed on behalf of Tax Executives Institute by its President and Secretary.

➤ ***Nominations***

- Nominations shall be made in writing by any chapter, Institute committee, or Institute officer. A complete description of the nominee's contributions shall be given to satisfy the conditions outlined above.
- Nominations may be made at any time and submitted through the Executive Director for consideration by the Awards Committee. The Awards Committee shall investigate and make its recommendation to the Board of Directors at least seven days prior to the Board's consideration of the nomination.
- Awards shall be presented to recipients at a convenient time and place to be determined by the Board of Directors. The presentation shall be made no fewer than 60 days after approval and should be made at a TEI conference, joint TEI chapter function, or appropriate public ceremony.

President's Award

The purpose of the President's Award is to recognize and express the Institute's appreciation for long-term meritorious service to TEI.

Eligibility

➤ *Experience*

- A nominee for the President's Award must be or have been a member of TEI. Past Institute Presidents are not eligible.

➤ *Contributions*

- A nominee shall have devoted 10 or more years of service that have greatly contributed to the development, growth, and success of the Institute beyond the local chapter.
- Such services shall have been rendered as an officer, chair of a standing committee, or in some other official capacity of the Institute.

➤ *Limitations*

- The President's Award will normally be considered when the nominee is nearing retirement or when the nominee has substantially reduced the amount of time devoted to Institute activities.
- This award should be granted for truly exceptional long-term service to the Institute. Thus, it should not be granted indiscriminately. The proliferation of TEI Awards would diminish their significance.

Procedure

➤ *Type of Award*

- The award shall consist of some appropriate gift that will be approved by the Institute.

➤ *Nominations*

- Nominations shall be made in writing by an Institute officer or a member of the Executive Committee. A complete description of the nominee's contributions shall be given to satisfy the conditions outlined above.
- Nominations may be made at any time and submitted through the Executive Director for consideration by the Awards Committee. The Awards Committee shall investigate and make its recommendations to the Board of Directors at least seven days prior to the Board's consideration of the nomination.
- Awards shall be presented to recipients at a convenient time and place to be determined by the Board of Directors. The presentation shall be made not fewer than 60 days after approval and should be made at a TEI conference, joint TEI chapter function, or appropriate public ceremony.

Pro Bono Award

The purpose of the Pro Bono Award is to recognize and express the Institute's appreciation for meritorious service as a volunteer for tax- or finance-related public service activities.

Eligibility

➤ *Experience*

- A nominee for the Pro Bono Award must be a regular member of TEI.

➤ *Contributions*

- A nominee shall have distinguished himself/herself as a volunteer for tax-related or finance-related activities at the local, national, or international level. Activities rendered in conjunction with a TEI public service initiative at either the Institute or chapter level may qualify.
- The volunteer efforts must exemplify a commitment to social responsibility. The service may be on a project or long-term basis. Examples of qualifying activities include volunteering at low-income tax clinics; teaching tax (or tax literacy); or promoting diversity in the tax profession.

➤ *Limitations*

- Only one award will be granted each year, but the Board of Directors may choose to designate one or more "Honorable Mentions." There is no requirement that the award be given each year.

Procedure

➤ *Type of Award*

- The award shall consist of a plaque or an otherwise appropriate manner approved by the Executive Committee.

➤ *Nominations*

- Nominations shall be made in writing by Chapter Representatives. A complete description of the nominee's contributions shall be given to satisfy the conditions outlined above.
- Nominations must be made by January 15 each year and submitted through the Executive Director for consideration by the Awards Committee. The Awards Committee shall investigate and make its recommendations to the Board of Directors at least seven

days prior to the Board's consideration of the nomination (anticipated to be at the Board meeting held in conjunction with the Midyear Conference).

- Awards shall be presented to recipients at a convenient time and place to be determined by the Board of Directors. The presentation shall be made no fewer than 60 days after approval and should be made at a TEI conference, joint TEI chapter function, or appropriate public ceremony.

Meritorious Committee Service Award

The purpose of the Meritorious Committee Service Award is to recognize and express the Institute's appreciation for outstanding service to TEI by members of the Institute's committees, task forces, or working groups.

Eligibility

➤ *Experience*

- A nominee for the Meritorious Committee Service Award must be or have been a member of TEI.

➤ *Contributions*

- A nominee shall have made outstanding contributions to the Institute through involvement with a committee, task force, or working group that enhanced the effectiveness, reputation, or operations of TEI.
- The chair of the respective committee, task force, or working group is ineligible to receive this award unless the grant of the award is approved by the Executive Committee.

Procedure

➤ *Type of Award*

- An award form must be completed and submitted to the Membership Team.
- The award shall consist of a plaque, certificate, or other suitable memento, signed by the Institute's President and Secretary.

➤ *Selection*

- The chair of the committee, task force, or working group shall establish a procedure for selection of the award recipient. For example, the selection could be delegated to a subcommittee or vice chair of the committee, or a subcommittee or vice chair could be charged with nominating one or more committee members with the final selection left

to the committee chair or to the full committee. (Note: No one nominated to receive the award may participate in the final selection process.)

- The selection of the award recipient is at the discretion of the committee, task force, or working group. The selection shall be communicated to the Awards Committee in writing by the committee chair no later than June 30 each year. A complete description of the recipient's contributions shall be given to satisfy the conditions outlined above. Each Institute committee, task force, or working group shall be limited to one award per year.
- The Executive Committee may select up to three people each year, including the chair of a committee, task force, or working group, to receive this award. The Executive Committee selection will generally be those individuals who have made outstanding contributions to TEI through involvement in more than one Institute committee, task force, or working group, and who have not been selected for this award in the current year.
- Awards shall be presented to recipients at a convenient time and place to be determined by TEI's President. The presentation shall be made no fewer than 60 days after approval and may be made at a TEI conference, joint TEI chapter function, or appropriate public ceremony.

Meritorious Chapter Service Award

The Meritorious Chapter Service Award is an Institute-level award. The purpose of the award is to recognize and express the Institute's appreciation for outstanding service to TEI relating to the Institute's advocacy, education, networking, or association management service at the chapter level.

Eligibility

➤ *Experience*

- A nominee for the Meritorious Chapter Award must be or have been a member of TEI.

➤ *Contributions*

- A nominee shall have made outstanding contributions to the Institute through involvement at the chapter level that has enhanced the effectiveness, reputation, or operations of TEI and its members. The contributions may have been made by the chapter member during the current year or on an ongoing basis.

Procedure

➤ *Type of Award*

- An award form must be completed and submitted to the Membership Team.
- The award shall consist of a plaque, certificate, or other suitable memento.

➤ *Selection*

- The selection of the award recipient is at the discretion of the chapter and must be approved by the chapter board of directors. The selection shall be submitted in writing to the Membership Team. A complete description of the recipient's contributions shall be given to satisfy the conditions outlined above. Each chapter shall be limited to one nomination per year. (Note: No one nominated to receive the award may participate in the selection process.)
- Awards shall be presented to recipients at a convenient time and place to be determined by the Institutes' Executive Committee. The presentation may be made at TEI conference, chapter function, or appropriate public ceremony.

Institute Conferences & Meetings

Institute Meetings

Annual Meeting of Members

The By-Laws provide that the Annual Meeting of Members shall be called within 45 days after July 1. At that meeting, the Board of Directors must present various reports as provided for in Article III of the By-Laws.

Members, either in person or by proxy, may bring up any proper business for consideration at the Annual Meeting of Members. Amendments to the By-Laws, however, must be proposed and acted on in accordance with the procedure provided for in Article X of the By-Laws.

Annual Conference

The Annual Conference is held in October or November at a location approved by the Board of Directors. The Annual Conference is a fully developed and well-balanced program on taxation. The conference is usually addressed by renown speakers in the tax field, including federal, provincial, state, and local tax administrators and legislators.

The Annual Conference is the principal meeting of the year. In addition to the benefits of the educational program, this conference enables members to exchange technical information and meet other in-house tax professionals and speakers. The work of TEI is also carried on at the Annual Conference through meetings of the Executive Committee, Board of Directors, committees, and others. The social program affords an opportunity for meeting and interacting with friends and associates. This conference should be considered a must by officers, Board members, and committee chairs and members.

Midyear Conference

Like the Annual Conference, the Midyear Conference offers a full array of technical sessions featuring government officials, private practitioners, and seasoned tax executives. It is usually held in March or April. Topics and speakers are selected to maximize the benefit of being in Washington, D.C., and proximity to the Internal Revenue Service and U.S. Department of Treasury. Social activities are also planned to give TEI's members the opportunity to interact with other in-house tax professionals and government officials. The work of TEI is also carried on at the Midyear Conference through meetings of the Executive Committee, Board of Directors, committees, and others.

Courses and Seminars

Courses, seminars, and other meetings sponsored by TEI are administered in the same way as conferences. Registration is generally limited to members of TEI and in-house tax professionals.

Occasionally (e.g., when a program is cosponsored by another organization), registration will be opened to all interested parties.

TEI plans several recurring courses: Federal Tax Course - Level 1, Federal Tax Course-Level 2, and the U.S. International Tax Course. These courses are held annually, semi-annually, or less often. The Institute's staff, in conjunction with the committees, are responsible for developing the faculty and subject matter for these courses, although responsibility for developing the programs is generally delegated to the chairs of the relevant standing committees.

The Institute's staff, in conjunction with the committees, is also responsible for planning the Institute's two- or three-day seminars on a range of tax and tax-related topics. In recent years, the Institute has sponsored two or three seminars annually.

Webinars, Virtual Webinar Series & Simulive Events

In addition to attending the in-person educational programs sponsored by the Institute, TEI members and other in-house tax professionals may take part in webinars that the Institute produces throughout the year. These programs, which are devoted to recent developments (such as a new set of regulations or the implications of a recent court case), can be arranged more quickly than on-site programs, and permit the Institute to give members timely information. TEI also offers a variety of webinar series, whereby TEI develops multiple sessions on related topics and offers them for sale individually or as a package.

Pursuant to TEI's current agreement with Thomson Reuters, TEI and Thomson Reuter also product and offer at least four webinars per year at no cost to TEI members.

Simulive events are a "simulated live" event. TEI takes pre-recorded sessions from a live course or seminar and re-airs them at a later date with a live subject matter expert to answer questions in the group chat throughout the program or at the end to satisfy NASBA's requirements for "live" Internet based-events.

Conference Administration

General

The primary purpose of TEI conferences is to bring together professional tax executives to:

- increase technical tax knowledge;
- foster and promote greater efficiency in tax department management;
- review and exchange ideas; and
- become better acquainted (networking).

Registration at TEI conferences is limited to members and other in-house tax executives. Individuals engaged in private law, public accounting, technology, and consulting practices, as well as government employees, are ineligible to attend.

Responsibilities

The Board of Directors has final authority and approval for all conference functions and operations. This authority has generally been delegated to the President, Executive Committee, Continuing Education Committee, and Institute staff.

Under the Board's general delegation of authority, the Institute's staff, in coordination with the committees, selects the proposed technical program; the federal, state, and provincial tax administrators, government officials, speakers, and guests to be invited; the preliminary and final budgets; and the overall program, including registration fees.

The Institute's staff is responsible for inviting all people to take part, either as speakers or panelists.

The TEI staff is responsible for:

- performing necessary staff and administrative work;
- surveying proposed or prospective conference sites;
- contacting local convention and visitors' bureaus, hotels, and other local organizations to determine available facilities;
- advising the Board of Directors of the results and recommendations of the surveys;
- checking dates for any possible conflict with meetings of other organizations and make periodic follow-up;
- liaising with hotel and conference vendors; and
- performing all functions necessary to ensure the successful administration of the conference.

Where appropriate, a local chapter may be invited to act as conference host and, in collaboration with the TEI staff, shall arrange and coordinate agreed upon social activities.

Conference Expense Reimbursement & Honoraria Policy

Practitioners

TEI has a policy of not reimbursing private practitioners (such as CPAs and lawyers) for expenses incurred because of their participation in Institute-sponsored conferences, seminars, or courses. No honoraria shall be authorized or paid to these participants.

College Professors

College professors can be reimbursed for expenses incurred because of their participation in Institute-sponsored courses, conferences, and seminars. Reimbursements shall come from TEI's Education Fund. If necessary, an honorarium will be paid, but only upon prior approval by the Institute President, Senior Vice President, or Executive Director.

Government Employees

(Includes governments of the United States, Canada, states, provinces, and other jurisdictions)

Government employees may be reimbursed for expenses incurred because of their participation at Institute conferences, seminars, courses, or other meetings. Except for elected officials, no honoraria shall be authorized or paid to these participants. Under current government regulations, employees of the Internal Revenue Service and the U.S. Department of the Treasury may not accept reimbursement from other than a section 501(c)(3) organization. TEI is a section 501(c)(6) organization, not a 501(c)(3) organization; therefore, reimbursements for government officials are coordinated through the TEI's Education Fund (*see the **Government Travel Expenses** section of this Manual*).

Elected Officials

Elected or appointed government officials may be reimbursed for expenses incurred because of their participation in Institute conferences, seminars, courses, and other meetings. In appropriate circumstances, honoraria will be paid to these officials. Such payments (either directly or through designated charitable organizations) must be approved in advance by the Institute's President, Senior Vice President, or Executive Director.

TEI Members

Members may ask for reimbursement for travel expenses incurred because of their participation as a moderator or speaker at TEI tax courses and seminars if they were not otherwise planning on attending. At the discretion of TEI's Executive Director, members' registration fees can be discounted or waived on a case-by-case basis. Members who are moderators or speakers at the Annual and Midyear Conferences and who do not go to other conference sessions or meal events may have their registration fee waived.

Other Reimbursement Policies

TEI may only reimburse for ordinary and necessary expenses for transportation, lodging, and meals. Acceptance of reimbursement is optional.

This reimbursement policy does not generally authorize payment of transportation expenses of spouses attending with an individual who is a speaker, panelist, or faculty member. Social

registration fees may be waived for such spouses. After the approval of the President, expenses incurred because of the spouse of a government official at a TEI function may be reimbursed.

Reduced Registration Fee for Committee Chairs Speaking at the Annual or Midyear Conferences

Committee chairs who take part as moderators, speakers, or panelists at the Annual Conference and Midyear Conferences receive a reduced registration rate equal to 50% of the early registration fee.

Registration Fees at Tax Courses and Seminars

Members who take part as moderators, speakers, or panelists at TEI courses and seminars generally need not pay the registration fee if only attending that session. If attending the entire program, members should be encouraged to register for the full event and a discount can be offered.

Application of Rules to Chapters and Regions

The foregoing reimbursement policies do not formally bind the Institute's chapters and regions, but they are generally encouraged to adopt consistent rules and procedures.

Relationship with Other Tax Organizations

The Institute's President is often invited by other organizations, especially the American Bar Association and American Institute of Certified Public Accountants, to attend their meetings. In addition, at the President's direction, other members of the Institute's leadership, its Executive Director, and members of the professional tax staff may go to meetings of professional organizations, such as the ABA Section of Taxation, AICPA Tax Division, U.S. and Canadian Tax Foundations, Institute of Professionals in Taxation, Council On State Taxation, Financial Executives International, International Fiscal Association, National Foreign Trade Council, and Federal Bar Association, and Tax Council Policy Institute.

Although the Institute rarely engages in joint action with other organizations, TEI often coordinates its activities with like-minded organizations. In addition, on an exception basis, TEI has undertaken and will consider joint initiatives.

Relationship with Governments

Liaison Meetings

The Institute's leadership meets with senior representatives of the Internal Revenue Service (and the IRS's Large Business and International Division), the Office of the Assistant Secretary for Tax Policy of the U.S. Department of the Treasury, and Congressional staff (including staff of the Joint Committee on Taxation, the Senate Finance Committee, and the Committee on Ways and Means) to exchange views on tax administrative and current legislative issues. In addition, annual liaison

meetings are held with representatives of the Canada Department of Finance and Canada Revenue Agency. (Separate meetings are usually held with Finance and CRA on income and commodity (GST) tax matters). The Institute's standing committees may also hold meetings with U.S. Treasury, IRS, or congressional representatives (or their Canadian counterparts) on issues within their jurisdiction. Finally, TEI's non-North American chapters hold liaison meetings with the taxing authorities within their jurisdictions, including transnational organizations and bodies such as the European Commission or Organisation for Economic Cooperation and Development. Results of these meetings are generally reported in *Tax Executive* and on TEI's website.

In addition, TEI representatives often take part in liaison meetings, forums, and hearings sponsored by the Federation of Tax Administrators, whose members are the commissioners of revenue of the states and certain provinces, and the Multistate Tax Commission. Submissions and agendas prepared in connection with such meetings shall be treated as submissions to a governmental body.

Conferences

High-level IRS and U.S. Treasury staff often speak at Midyear and Annual Conferences, as well as at TEI seminars. In addition, representatives of the Institute are regularly invited to take part in training programs sponsored by the Internal Revenue Service for its own employees. If a request for this participation is directed to a chapter, the chapter president should coordinate the Institute's participation through TEI.

Coordination by TEI

Any chapter wanting representatives from the IRS National Office (or LB&I Headquarters) or Treasury to speak at chapter functions should coordinate their invitations through the Executive Director.

Representations to Government Officials

The Institute, by request or invitation, makes its views known on matters of concern in tax administration and legislation to the U.S. and Canadian legislatures and tax authorities, the European Commission, and the Organisation for Economic Cooperation and Development, as well as jurisdictions such as the Singapore Ministry of Finance and Inland Revenue Authority. The position taken by the Institute must be approved by a two-thirds affirmative vote of the Institute's Executive Committee. See the **Institute Policy on Legislative and Technical Activities** in this Manual.

Relationship with the Press

Reporters are generally allowed to attend sessions at the Institute's Midyear and Annual Conferences at which government representatives speak. (This policy was adopted, in part, because of an IRS and U.S. Treasury Department disinclination to speak at "closed" sessions.) This media policy, however, does not extend to other conference sessions. If a government official delivers a luncheon address to a TEI seminar, the Institute will generally let reporters cover the session.

The chapters may open their sessions to the media, but in deciding the issue, due consideration should be given to whether the presence of reporters may hurt the conduct of the program. In addition, if a chapter opens its meetings to the media, the affected speakers should be notified of that decision when the speaking invitation is extended.

TEI members are encouraged to speak to the press regarding matters within their expertise on their own behalf and, when allowed, on behalf of their companies. Members should refrain, however, from speaking, or giving the appearance of speaking, on behalf of the Institute without obtaining prior authorization from TEI's President or TEI.

Institute Financial Matters

Tax Exemption & Reporting

United States

TEI qualifies as an organization described in section 501(c)(6) of the Internal Revenue Code and is exempt from federal income tax. Although contributions to the Institute are not deductible as charitable contributions, membership dues are generally deductible by members (or their company) under other provisions of the Code (subject to certain limitations). The Institute's employer identification number is 52-0239291. The employer identification number for TEI Education Fund, a section 501(c)(3) organization affiliated with TEI, is 54-1402262. The exemption letters for TEI and the Fund can be found in the **TEI Exemption Letters** section of this Manual.

The Institute files one annual information return (Form 990) with the Internal Revenue Service. Because the chapters are not separately incorporated and are subject to the By-Laws and regulations of the Institute, they do not file separate Form 990s and need not establish their exempt status independently. This procedure, which was approved by the Internal Revenue Service on January 29, 1971, underscores the importance of the chapters' adherence to the policies adopted by the Institute's Board of Directors.

Canada

TEI is also registered with the Canada Revenue Agency for purposes of the goods and services tax (GST). TEI's GST registration number is 88971-4341. TEI's registration number for Quebec sales tax (QST) purposes is 1020065971. TEI has registered as an extra provincial non-share corporation in Alberta, British Columbia, Ontario, and Quebec and has the following registration numbers: Alberta Corporate Access Number: 5322020818; British Columbia Registration Number: XS0071503; Ontario Corporation Number: 1992878; Numero d'entreprise du Quebec (NEQ): 1174913468.

Affinity Relationship with Thomson Reuters

TEI has designated Thomson Reuters (Tax and Accounting) Inc. (Thomson Reuters) as its exclusive affinity partner. The affinity relationship, which is governed by a contract addressing issues such as advertising and sponsorship, generates significant royalty and advertising income for TEI. The contract provides for four joint webinars each year, and two TEI-Thomson Reuters Advisory Boards each year, which afford TEI members an opportunity to give feedback to Thomson Reuters on current and forthcoming products, services, and software. Thomson Reuter's support advances TEI's educational, networking, and advocacy goals.

For more information about this relationship, contact TEI's Executive Director.

Institute Sponsorship Program

To reduce the need for dues or fee increases while maintaining the quality and breadth of its educational and advocacy programs, the Institute maintains a robust sponsorship program. The sponsorship program operates on an annual basis, with benefits accruing for 12 months from the date of commitment. Sponsors are provided opportunities to speak at conferences, seminars, and courses, partner on webinars, provide content for TEI's *Thought Leadership Bulletin*, and writing articles for and advertising in *Tax Executive* magazine.

TEI's sponsorship program has four levels of financial support — Bronze, Silver, Gold, and Platinum. Depending on the sponsor's level of support, the Institute provides an increasing number and variety of acknowledgments and recognition. Sponsors are generally providers of services (law, accounting, technology, tax insurance, credits and incentives, valuation, consulting, and tax recruiting firms) and products (*e.g.*, software) of interest to tax executives.

Management and supervision of the sponsorship program, including solicitation of sponsors, is under the direction of the Institute's Executive Director and Director of Sponsor Relations. The activities and displays of sponsors are monitored to make sure they are conducted with due regard for the highest standards of professionalism and in a way that enhances the members' educational and networking opportunities. The Director of Sponsor Relations files periodic reports on the sponsorship program with the Executive Committee and Board of Directors.

To offset costs, TEI also solicits sponsors for courses, seminars, and member networking opportunities. Sponsors are acknowledged in the program materials and, if they have sponsored a specific function during the course or seminar, are allowed to send a limited number of representatives to the function.

Chapters and regions may solicit sponsors for their programs under guidelines approved by TEI's Board of Directors. Chapter and regional sponsorship cannot conflict with or compromise the Institute's sponsorship program. See the **Sponsorship for Chapters & Regions** section of this Manual.

Travel Funds & Stipends

Except as explained below, the Institute does not reimburse members of the Institute's leadership for travel costs associated with attending or participating in any Institute events.

International President Stipend

To support the International President's attendance at member events during their presidential year, TEI provides the International President an annual stipend. This stipend reimburses the International President and, where appropriate, their spouse or their delegate, for the cost of registration fees, travel, attendance, and entertainment at Institute, regional, and chapter events. The parameters of this stipend are outlined in a resolution adopted by the Board of Directors at each Annual Meeting of Members.

Past International President Stipend

In recognition of the contributions made by its Past International Presidents to the success of TEI's educational programs and technical activities, the Board of Directors may approve the reimbursement of travel expenses for Past International Presidents and their spouses to attend the Annual Conference or Midyear Conference. The parameters of this stipend are outlined in a resolution adopted by the Board of Directors at each Annual Meeting of Members for the coming fiscal year. In recent years, the Board has approved a reimbursement of up to \$30,000 per International President.

Non-North American Chapter Leaders

The Board of Directors has authorized the reimbursement from Institute funds to defray the costs of international travel of:

- up to \$5,000 (USD)/year for the Regional Vice President of Region 11 to attend Institute Board meetings; and
- up to an aggregate of \$5,000 (USD)/year per chapter for (1) the chapter presidents within Region 11 to attend the Annual Meeting of Members, and (2) the chapter representatives within Regional 11 to attend in-person Institute Board meetings at the Annual Meeting of Members, Annual Conference, and Midyear Conference.

For reimbursement, the individuals must submit documentation of the expenses to the Institute's Governance & Operations staff. The reimbursement does not cover payment of the registration fees to attend TEI's Annual and Midyear Conferences and does not affect the ability of chapters to reimburse the travel expenses of their chapter presidents, chapter representatives, or regional vice presidents.

Leaders of New Chapters

New chapters of TEI may experience difficulty identifying individuals willing to serve as chapter president or as a representative to the Institute's Board of Directors in part because of the expense of traveling to TEI governance meetings. To provide support for these new chapters, TEI's Board has approved payment of an amount up to U.S. \$2,500 per meeting (up to a maximum of U.S. \$10,000 per year) for two years after a chapter is chartered. These funds may reimburse the expenses of:

- the chapter's president to attend the Institute's Annual Meeting of Members (in August), and
- the new chapter's representative to the TEI Board to attend in-person the Board meetings at the Annual Meeting of Members, Annual Conference, and Midyear Conference.

Award Recipients

The Institute generally offers a stipend to reimburse Institute-level award recipients for the costs of travel to the event where the award will be granted to the recipient. In recent years, the amount of this stipend has been up to \$2,500 per awardee.

International Tax Student Case Competition

The Institute may offer stipends to reimburse travel expenses of students and/or mentors taking part in TEI's annual International Tax Student Case Competition. These stipends are included in the budget for the case competition, which is approved by the Board at the Annual Meeting of Members.

Chapter & Region Funded Travel Stipends

As discussed in the **Chapter & Region Travel Funds & Stipends** section of this Manual, chapters and regions may reimburse chapter presidents, chapter representatives, regional vice presidents and other leaders for their expenses to attend Institute leadership and governance meetings. Chapters and regions with excess funds are encouraged to use those funds to send chapter and region members to Institute events.

Social Responsibility Plan

In 2008, TEI adopted a multi-faceted Social Responsibility Plan, featuring scholarships, charitable donations, and efforts to promote volunteerism. Guidelines, considerations, and procedures for implementing this plan are addressed in the following sections:

- **Institute-Level Scholarships**
- **Institute Cash Donations**
- **Chapter Charitable Donations**
- **Chapter Eligibility for Matching Funds for Scholarship Programs**
- **Pro Bono Award**

Institute-Level Scholarships

Guidelines

1. The Executive Committee may grant up to \$15,000 a year in scholarships to students at accounting, law, business, or management schools. The minimum award will be \$2,500, and no more than \$5,000 may be given to candidates at any one institution.

2. Candidates must be enrolled in a fully accredited college or university in an undergraduate or graduate capacity and must pursue a curriculum emphasizing studies that could lead to a career in taxation.
3. The scholarship selection, administration, and award processes must reside with a designated educational institution, not with the Institute. TEI members and their immediate families are ineligible to receive scholarships. The grant of the scholarship shall not be conditioned upon the rendering of future employment services by the recipient.
4. Scholarship information material and application forms must include a statement that scholarships will be awarded without regard to the applicant's race, color, creed, religion, sex, or national origin. This prohibition does not, however, prevent the Institute from establishing a scholarship program at institutions with significant minority student bodies.
5. The choice of the educational institutions at which the scholarships will be granted rests with the Executive Committee.
6. The Institute will not establish a scholarship program at institutions within the area of a TEI chapter without the chapter's approval. In addition, the Institute will not establish a scholarship at an educational institution for which a TEI chapter or region has granted a scholarship within the previous three years.
7. The Executive Committee may suspend the scholarship program at any time, and in no event make a binding commitment to grant scholarships be made more than three years in advance.

Considerations

1. Scholarships may be given to enhance the Institute's other goals, such as diversity.
2. Scholarships may be given for online tax programs.

Institute Cash Donations

Guidelines

The Executive Committee is authorized to donate up to the lesser of (i) \$25,000/year or (ii) 5% of TEI's unconsolidated investment income as reported on the Institute's audited financial statements for the immediately preceding fiscal year.

Donations may be made to non-sectarian, non-political organizations qualifying under section 501(c)(3) of the Internal Revenue Code with full-time, paid professional management. Hence, no donations may be made to religious organizations (e.g., churches or church-affiliated charities) or to organizations engaged in controversial public advocacy activities. To the extent allowed by law, equivalent organizations located outside the United States will be eligible to receive donations from TEI.

Consideration should be given to (a) the extent TEI members are involved in the charity's work, (b) circumstances such as natural disasters creating a special need for help, and (c) whether the activities of the charity directly or indirectly advance the values underlying the Institute, including education, professionalism, and improvement of the tax system.

The following procedure should be followed when making cash donations:

Procedure

1. The Secretary must notify the Board of Directors of the maximum donations that can be made based on the prior year's financial results and invite suggestions of potential donees by September 1.
2. Nominations of charities to receive donations shall be made by Chapter Representatives to TEI's Board of Directors. Before submitting a nomination, the Chapter Representative should consult with the Chapter President and Chapter Board about the nomination. Ideally, the nomination should be approved by the full Chapter Board.
3. Chapter Representatives shall recommend qualifying charities on the form from the Institute by October 15.
4. By December 1, the Advisory Committee to the President shall review the recommendations to ensure compliance with the Board's criteria and develop recommended donations. The minimum donation to any single organization shall be \$2,500.
5. By January 31, the Executive Committee shall assess the Institute's financial condition (as of December 31) and determine whether and to the extent donations should be made in the year. If the Executive Committee reduces the aggregate amount of donations to be made, the Advisory Committee will adjust its recommendations.
6. By March 31, the Executive Committee shall review the Advisory Committee's recommendations to determine whether the recommended donations should be increased, decreased, or eliminated altogether. The aggregate amount of donations approved by the Executive Committee may not exceed the aggregate amount of donations recommended by the Advisory Committee to the President. All donations should be made by June 30.
7. The Executive Committee will report annually to the Board on the Institute's charitable giving.

Institute Investment Policy

Each year TEI's Board of Directors adopts (or affirms) an investment policy for use by TEI's Executive Committee and Executive Director in managing the Institute's financial affairs on a day-to-day basis. The current Investment Policy, originally approved by the Board in June 2012, appears below.

Introduction

This Investment Policy has been adopted by the Board of Directors of the Tax Executives Institute (TEI) to govern the investment of TEI's funds. This policy does not apply to the investment of funds held at the chapter or regional level; those funds may only be invested in government insured or guaranteed instruments that have a maturity of less than 24 months.

To optimize TEI's returns while managing investment risk, the funds held by TEI will be divided into two investment pools. The first fund shall be called the "Commercial Accounts Fund," and the second, the "Invested Reserves Fund." The process for determining the dollar amount in each pool is set forth in the "Procedures" section of this policy.

Procedures

1. The following procedures will be followed to ensure the Institute's Investment Policy is consistent with and supports TEI's mission while taking into account its current financial condition:
 - A. This Investment Policy shall be reviewed at least annually by the Investment Committee to evaluate whether changes, if any, should be recommended.
 - B. Recommended revisions, if any, shall be presented by the Investment Committee to the Institute's Executive Committee and, ultimately, to the Institute's Board of Directors, which must approve any changes.
2. The following procedures will be used to determine the dollar amounts in the Commercial Accounts Fund and the Invested Reserves Fund.
 - A. At the beginning of each year, the Investment Committee will recommend a target amount to be placed in the Commercial Accounts Fund so that the total cash and cash equivalents is equal to the Institute's Opening Reserve determined at the end of the immediately preceding year. The total of TEI's cash and investments less the amount designated for the Commercial Accounts Fund shall be placed in the Invested Reserve Fund.
 - B. At the meeting of the Board of Directors immediately following the Annual Meeting of Members (in August), the Board shall vote on the recommendation outlined in A above.

3. The services of an investment manager will be retained to assist the Institute in managing its funds. The following procedure shall be followed to engage a new or replace an investment manager.
 - A. The Investment Committee will evaluate annually the performance of its retained investment manager and make a recommendation to the Executive Committee whether to retain or replace the incumbent. If a decision is made to replace the incumbent, the Executive Committee will direct the manner in which a search is conducted.
 - B. The selection of the investment manager will reside with the Executive Committee.

Commercial Accounts Fund

Purpose

The purpose of the Commercial Accounts Fund is to provide sufficient cash to meet the financial obligations of TEI in a timely manner.

Investment Objectives

The investment objectives of the Commercial Accounts Fund are:

1. Preservation of capital;
2. Liquidity; and
3. To optimize the investment return within the constraints of the policy.

Investment Guidelines

➤ *Allowable Investments*

The Executive Director and Director of Finance & Accounting are authorized to invest TEI's Commercial Accounts Fund, as follows:

1. Interest bearing checking accounts in federally insured banks and savings and loans not to exceed federally insured amounts; and
2. Money Market Funds that invest in government backed and investment grade securities.

➤ *Maturity*

The maturities on investments for the Commercial Accounts Fund shall be limited to one year or less.

➤ **Reporting**

The Treasurer shall prepare the following reports for presentation on a quarterly basis to the Investment Committee and the Executive Committee.

1. Schedule of investments;
2. Interest income year to date; and
3. Current yield.

Invested Reserves Fund

Purpose

The purpose of having a bifurcated investment policy, one for TEI's Invested Reserves Fund and one for its Commercial Accounts Fund, is to enhance the purchasing power of funds held for future expenditure, to maintain financial stability, and to provide current income to be used during the budget cycle. TEI's cash and investments, net of amounts held in the Commercial Account Fund, will be managed in accordance with this section of the Investment policy.

Objectives

TEI's investment objectives are four-fold:

1. Maximize investment returns;
2. Balance risk;
3. Maintain on overall conservative investment approach and philosophy; and
4. Achieve long-term asset appreciation.

Investment Guidelines

The Institute's investment policy (including the restrictions) provides a framework to achieve TEI's investment objectives at the level of risk deemed acceptable. These policies and restrictions are designed to balance risk while minimizing restrictions that could interfere with efforts to attain overall objectives by excluding appropriate investment opportunities.

➤ **Prohibited Investments**

The following investments and investment activities are prohibited:

1. Private Placements;
2. Letter stock;

3. Derivatives (to the extent that mutual funds are used by TEI, however, the mutual funds may buy or sell derivatives for the purpose of managing portfolio risk);
4. Securities whose issuers have filed a petition for bankruptcy;
5. Direct investments in commodities or commodity contracts (though these investments are allowable within commingled investments, such as mutual funds);
6. Short sales; and
7. Margin transactions.

➤ ***Invested Reserves – Target Asset Mix***

The Invested Reserves shall consist of the asset classes listed below. The target weight is the desired weight for each asset class. The minimum and maximum weights within each class are calibrated to allow for normal market fluctuations. It shall be the responsibility of the investment manager to remain within the range specified for each asset class. The investment manager should re-balance the portfolio according to the target weights annually or whenever an asset class moves outside of its allowable range.

Asset Class	Minimum Weight	Target Weight	Maximum Weight
Cash & Cash Equivalents	45%	50%	55%
Fixed Income	30%	35%	40%
Equities	10%	12%	14%
Alternatives	1%	3%	5%

Cash & Cash Equivalents

Investments in cash and cash equivalents will consist of investment grade fixed income securities with an average maturity of less than 1 year and a maximum maturity for individual securities of 2 years. Allowable investments will include: money markets, U.S. Treasury issues, agency paper, investment grade commercial paper, FDIC insured Certificates of Deposit, corporate bonds rated A or higher by at least one major rating agency (Standard & Poors, Moody's, or Fitch), and mutual funds that invest in these securities. Appropriate diversification shall be maintained with no single non-government insured bond exceeding 5% of the total cash and equivalent allocation.

Should Cash & Cash Equivalents (in both the Commercial Accounts Fund and the Invested Reserves Fund) become less than the amount of TEI's Operating Reserve, (as prescribed in TEI's Reserve Policy) prudent efforts will be undertaken to increase Cash & Cash Equivalents to the level of the Operating Reserve.

Fixed Income

Investments in fixed income securities will be managed to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums. Mutual funds conforming to the policy guidelines will be used to implement the investment program.

The following asset classes are allowable investments within the Fixed Income allocation:

- U.S. Government/Corporate Intermediate Bonds: A portfolio consisting primarily of fixed income securities denominated in U.S. dollars issued by the U.S. Government or U.S. corporations having a weighted average maturity of less than 10 years and a rating at or above BBB/Baa.
- High Yield Corporate Bonds: A portfolio consisting primarily of bonds issued by U.S. corporations and the majority of the bonds are rated below BBB/Baa but not rated as junk.
- International Bonds: A portfolio consisting primarily of fixed income securities denominated in currencies other than U.S. dollars. Issuers may be both governments and corporations.

Equities

The equity asset classes should be maintained at risk levels roughly equivalent to the sectors of the market represented, with the objective of exceeding a nationally recognized index measuring the performance of the designated sector over a three-year moving time period net of fees and commissions. Mutual funds conforming to the policy guidelines will be used to implement the investment program.

The following asset classes are allowable investments within the Equities allocation:

- U.S. Large Capitalization Stocks: A portfolio of stocks consisting primarily of U.S.-based companies, with the average of the stocks held having a market value exceeding \$10 billion and primary shares of which are traded on a major U.S. exchange.
- U.S. Mid Capitalization Stocks: A portfolio of stocks consisting primarily of U.S.-based companies with the average of the stocks held having a market value between \$2 billion and 10 billion.
- U.S. Small Capitalization Stocks: A portfolio of stocks consisting primarily of U.S.-based companies with each individual company having a market value less than \$2 billion.
- International Stocks: A portfolio consisting primarily of stocks of non-U.S.-based companies, the primary shares of which are traded on exchanges outside the U.S. American Depository Receipts are considered International Stocks.

Alternative Asset Classes

The Alternative Asset component of the Invested Reserves Fund will consist of asset classes and strategies that generally have low correlation to traditional equity and fixed income investments. While potentially volatile as stand-alone investments, within the body of a diversified portfolio, they can mute overall volatility and increase return. Commingled investments, including mutual funds, exchange traded funds, closed-end funds, and unit investments trusts, conforming to the policy guidelines will be used. The following definitions shall apply for the purposes of this policy:

- **Natural Resources:** This asset class focuses on bulk items such as metals, oil, or foods that are traded on a commodities exchange. This asset class will be implemented with a combination of strategies including index strategies, managed futures, and equity funds investing in companies focusing on natural resources.
- **Real Estate Investment Trusts (REITs):** Companies that manage a portfolio of commercial real estate in order to earn profits for shareholders. REITs make investments in a diverse array of real estate from shopping centers and office buildings to apartment complexes and hotels. Shareholders receive income from the rents received from the properties and receive capital gains as buildings are sold at a profit. Other REITs specialize in lending money to building developers; such mortgage REITS pass interest income on to shareholders.
- **Absolute Return:** Absolute return vehicles seek to earn a steady stream of positive returns regardless of the direction of equity markets or interest rates. This allocation could include investments in market neutral funds, long/short funds, registered fund-of-funds, or similar strategies.
- **Tactical Strategies:** These strategies seek to enhance the portfolio by investing in strategies that have a high probability of strong short-term returns or to protect the portfolio by investing in strategies that can hedge specific market risks.

Performance Reporting

The Invested Reserves will be evaluated quarterly on a total return basis. Returns will be compared to:

1. Consumer Price Index plus 2%;
2. Three-month Treasury Bill Index plus 2%; and
3. An index consisting of benchmarks representing the broad asset allocation targets in the Invested Reserve Fund.

Comparisons will show results for the latest quarter, year-to-date, and since inception. The report will be prepared by the investment manager and will be presented to the Investment Committee for its use in evaluating the Institute's investment policy and the investment manager, and in reporting to the Executive Committee and Board of Directors.

TEI Conflict of Interest Policy

(Adopted by the Board of Directors, June 5, 2009. Amendment adopted by the Board of Directors, June 11, 2015)

It is the obligation of all employees, officers, and members of the Board of Directors of Tax Executives Institute, Inc., (TEI or the Institute), when acting on behalf of the Institute, to comply with all applicable federal, state, and foreign laws, to uphold the Principle and Purposes of the Institute, and to comport themselves in accordance with the highest standards of ethical business conduct. In furtherance of that goal, the Board of Directors of the Institute has adopted the following policy in order to avoid or minimize possible conflicts between the personal interests of the persons subject to the policy and the interests of the Institute.

Preamble

The purpose of the policy is to ensure that decisions about TEI's operations and the use or disposition of TEI's assets are made solely in terms of the benefits to the Institute and are not influenced by the possibility of private profit or other personal benefit accruing to the persons subject to this policy who take part in the decision. In addition to actual conflicts of interest, all persons subject to the policy are obliged to avoid actions that could be perceived or interpreted as being in conflict with the Institute's interest.

A conflict of interest arises when a person in a position of authority over TEI may benefit financially or otherwise from a decision he or she could make in that capacity, including indirect benefits to family members or businesses with which the person is closely associated. A conflict of interest may occur when the Institute enters into transactions with either nonprofit organizations or for-profit enterprises.

To avoid actual, potential, or even the appearance of, conflicts of interests, persons subject to the policy should disclose any connection or relationship with enterprises doing business with the Institute and refrain from participating in decisions affecting transactions between the Institute and the other enterprise. The mere existence of a connection or relationship, however, shall not prevent a transaction from taking place, so long as: (i) the relationship is disclosed; disinterested individuals make the necessary decisions; and (iii) the terms of the transaction are fair and reasonably comparable to those available in other commercial transactions where the parties are entirely independent of one another.

Policy

Employees, officers, and members of the Board of Directors (covered persons) of Tax Executives Institute (TEI or the Institute) have a duty to be free from the influence of any conflicting interest when they represent the Institute or make recommendations with respect to dealings with third parties. They are expected to deal with suppliers, members, member companies, and all others

doing business with the Institute on the sole basis of what is in the best interest of the Institute without favor or preference to third parties based on personal considerations. In particular:

1. Covered persons who deal with parties doing or seeking to do business with the Institute — or who make recommendations with respect to such dealings or pass judgment upon them — shall not own any interest in or have any personal agreement or understanding with such third parties that may influence the decision of the covered person with respect to the business of the Institute, unless expressly authorized in writing after the interest, agreement, or understanding has been disclosed.
2. No covered person shall seek or accept, directly or indirectly, any personal payments, loans or services, excessive entertainment, or travel or gifts of more than nominal value from any individual or business concern doing or seeking to do business with the Institute. (This provision, however, shall not prevent covered persons from accepting or making use of hotel rooms or entertainment provided by a hotel on a complimentary or upgraded basis in connection with an Institute conference, seminar, or school where such room or entertainment is part of the negotiations for or the overall contract with the hotel or conference facility.) [Note: Covered persons need not disclose transactions that were entered into at arm's length, such as a credit card, mortgage, or other loan.]
3. No covered person shall do business with a close relative on behalf of the Institute unless expressly authorized in writing after the relationship has been disclosed.

The requirement of freedom from conflicting interests extends to situations involving the close relatives of all covered persons. Close relatives include spouses, parents, children, brothers and sisters, grandchildren, great-grandchildren, and in-laws. Covered persons shall take reasonable steps to become informed of conflicting interests involving close relatives. For such known actual or potential conflicts of interests involving close relatives, covered persons shall, prior to the Institute doing business with organizations with which the close relatives are affiliated either as employees or as holders of beneficial interests in excess of five percent of the total beneficial interests, disclose in writing such conflicting interest.

With respect to all employees but the Executive Director, the Executive Director of TEI has the ultimate authority to determine what remedial steps should be taken in situations involving an actual or potential conflict of interest. With respect to the Executive Director, officers, and members of the Board (other than the President), the President has the ultimate authority to determine what remedial steps should be taken in situations involving an actual or potential conflict of interest. With respect to the President, the chair of the Advisory Committee has the ultimate authority to determine what remedial steps should be taken in situations involving an actual or potential conflict of interest.

Prior to the initial election of a member of the Board of Directors and annually thereafter, such director shall complete, sign, and submit to TEI's Secretary, a written statement identifying that to

the best of the member's knowledge he or she is not involved in any transaction that may be considered a conflict of interest under this policy.

For each interest disclosed, the person with the ultimate authority to determine the remedial steps may decide whether to: (a) take no action; (b) ensure full disclosure to TEI's Board of Directors and other individuals covered by this policy; (c) ask the covered person to recuse themselves from participation in related discussions or decisions within TEI; or (d) ask the covered person to resign from his or her position in TEI, or, if the covered person refuses to resign, become subject to possible removal. TEI's Executive Director and Governance & Operations Team will monitor proposed or ongoing transactions for conflicts of interest and disclose them to the appropriate person in order to deal with potential or actual conflicts, whether discovered before or after the transaction has occurred.

References to Tax Executives Institute shall, where appropriate in light of the context of the language and purposes of this policy, be interpreted to include either or both Tax Executives Institute, Inc., a New York nonprofit corporation; its affiliated organization, TEI Education Fund, a Virginia nonprofit corporation, and any other affiliated organization.

TEI chapters are encouraged to adopt similar conflict of interest policies.

TEI Whistleblower Policy

(Adopted by the Board of Directors, June 5, 2009. Amendment adopted by the Board of Directors, June 11, 2015)

This Whistleblower Policy of Tax Executives Institute, Inc. (TEI or the Institute):

- encourages staff and volunteers to come forward with credible information on illegal practices or serious violations of adopted policies of the Institute;
 - specifies that TEI will protect the person from retaliation; and
 - identifies where such information can be reported.
1. **Encouragement of reporting.** TEI encourages complaints, reports, or inquiries about illegal practices or serious violations of the Institute's policies, including illegal or improper conduct by TEI itself, by its employees or volunteer leadership, or by others on its behalf. Appropriate subjects to raise under this policy include financial improprieties, accounting or audit matters, ethical violations, or illegal or improper practices or policies. Other subjects on which TEI has existing complaint mechanisms should be addressed under those mechanisms, such as raising matters of alleged discrimination or harassment via the Institute's Chief Tax Counsel unless those channels are themselves implicated in the wrongdoing. This policy is not intended to provide a means of appeal from outcomes in other mechanisms.
 2. **Confidentiality.** Information reported under this policy shall be kept confidential by the individual to whom it is reported unless it is necessary to disclose the information for purposes of investigating the complaint, and then only to that extent. The identity of the person making the complaint shall be kept confidential unless the nature of the complaint makes that confidentiality impossible.
 3. **Protection from retaliation.** TEI prohibits retaliation by or on behalf of the Institute against staff or volunteers for making good faith complaints, reports, or inquiries under this policy or for participating in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. TEI reserves the right to discipline people who make bad faith, knowingly false, or vexatious complaints, reports, or inquiries, or who otherwise abuse this policy.
 4. **Where to report.** Complaints, reports, or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the basis for the complaints, reports, or inquiries. They should be directed to the TEI's Executive Director or Institute President; if both of those persons are implicated in the complaint, report, or inquiry, it should be directed to the Institute's Chief Tax Counsel or Senior Vice President. TEI will conduct a prompt, discreet, and objective review or

investigation. Following an investigation where it is found that the complaint is warranted and has merit, the Executive Director, or Institute President, Chief Tax Counsel, or Senior Vice President, as the case may be, shall report the complaint to the Executive Committee of the Board.

Staff or volunteers must recognize that TEI may be unable to fully evaluate a vague or general complaint, report, or inquiry that is made anonymously. A copy of this policy has been distributed to all directors and officers of TEI.

1. **Other organizations.** References to Tax Executives Institute shall, where appropriate in light of the context of the language and purposes of this policy, be interpreted to include Tax Executives Institute, Inc., a New York nonprofit corporation; its affiliated organization, TEI Education Fund, a Virginia nonprofit corporation, and any other affiliated organization.
2. **Communication of policy.** TEI will communicate this policy to all new employees and annually to the Institute's entire staff, as well as to the Institute's Board of Directors. It will also be posted on the Institute's website.

TEI Joint Venture Policy

(adopted by the Board of Directors, 6/5/2009)

This Joint Venture Policy of Tax Executives Institute, Inc. (the Institute or TEI) requires that TEI evaluate its participation in joint venture arrangements under federal tax law and take steps to safeguard its exempt status with respect to such arrangements. It applies to any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity as further defined in this policy.

1. **Joint ventures or similar arrangements with taxable entities.** For purposes of this policy, a joint venture or similar arrangement means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to: (i) whether the Institute controls the venture or arrangement; (ii) the legal structure of the venture or arrangement; or (iii) whether the venture or arrangement is taxed as a partnership, an association, or a corporation for federal income tax purposes. A venture or arrangement is disregarded if it meets both of the following conditions:
 - A. 95 percent or more of the venture's or arrangement's income for its tax year ending within the Institute's tax year is excluded from unrelated business income taxation, including but not limited to: (i) dividends, interest, and annuities; (ii) royalties; (iii) rent from real property and incidental related personal property except to the extent of debt-financing; and (iv) gains or losses from the sale of property; and
 - B. the primary purpose of the Institute's contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.
2. **Safeguards to ensure exempt status protection.** TEI will: (i) negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to ensure that the Institute's exempt status is protected; and (ii) take steps to safeguard the Institute's exempt status with respect to the venture or arrangement. Some examples of safeguards include:
 - A. control over the venture or arrangement sufficient to ensure that it furthers the exempt purpose of the organization;
 - B. requirements that the venture or arrangement gives priority to exempt purposes over maximizing profits for the other participants;
 - C. the venture or arrangement will not engage in activities that would jeopardize the Institute's exemption; and

- D. all contracts entered into with TEI will be on terms that are arm's length or more favorable to the Institute.

Section 2: Chapters & Regions

Overview

The Institute's Chapter Regulations are reproduced on the following pages. These regulations are not a part of the By-Laws but are fixed policy that may be amended only by the Institute Board of Directors.

In addition to amending the Chapter Regulations, the Institute Board of Directors occasionally adopts guidelines governing particular aspects of chapter operations. Every officer at the Institute and chapter levels should be familiar with the Chapter Regulations and other Board-approved guidelines. The following are mentioned specifically because of their importance:

- Each chapter is a unit of the whole organization and, therefore, TEI's By-Laws, together with Chapter Regulations, are the rules for each chapter.
- Each chapter must have a Membership Committee.
- The fiscal year of each chapter, as well as that of the Institute, ends on June 30.
- Chapters should notify chapter members by November 30 that the nomination process for electing chapter leaders is underway. Interested members should make their interest known directly to the Chapter Nominating Committee by December 31.
- Chapters will elect and install officers by June 30, and the new chapter officers shall assume their duties as of July 1.
- Once every two years, each chapter will elect a chapter representative to the Institute's Board of Directors. The chapter representative will assume office at the end of the next succeeding Annual Meeting of Members of the Institute (which is generally held in August each year). If a vacancy occurs, it will be filled by the chapter board of directors, but the new chapter representative will only serve until the next annual meeting of the chapter.
- All year-end chapter reports as required shall be prepared and forwarded to TEI by the retiring officers of each chapter.
- Attention is directed to Article VIII of the Chapter Regulations, requiring prior written approval of the Institute President or Senior Vice President for chapter cooperation with other organizations.
- Chapters should not share their mailing list with any other organization.
- Chapters and regions must follow the guidelines addressing sponsorship of chapter and regional events.

Chapter Regulations

(As used herein, “chapter board” shall refer to the board of directors of the chapter, and “Institute Board” shall refer to the Board of Directors of the Tax Executives Institute, Inc.)

Article I. Organization of Chapters

Section 1. Each chapter shall have a Membership Committee.

Article II. Directors and Officers

Section 1. The entire management of the affairs, funds, and property of each chapter shall be vested in a chapter board, subject to the approval of the Institute Board. The chapter board shall consist of the officers of the chapter, and the Institute director serving as the elected representative of the chapter, plus up to six directors, two of whom shall be elected for staggered terms, at the annual meeting of the chapter, to serve for a period of three years or until their successors are elected and qualify. Directors so elected shall assume their duties commencing July 1 next succeeding the chapter annual meeting at which they are elected. A duplicate copy of the minutes of each meeting of the chapter board and of each business meeting of the chapter shall be mailed to Institute Headquarters.

Section 2. Once every two years at the annual meeting of the chapter, the chapter shall elect a representative to serve as director of the Institute Board (the “chapter representative”). Such chapter representative shall assume office at the conclusion of the next succeeding Annual Meeting of Members of the Institute, and shall hold office for a period of two years or until a successor is elected and qualified.

Section 3. The officers of the chapter shall be a president, one or more vice presidents, a secretary and a treasurer, and such other officers as required, who shall be elected at the annual meeting of the chapter, and who shall hold office for one year commencing July 1 next succeeding the annual meeting or until their successors are elected and qualify. Any member may hold two of the aforesaid offices.

Section 4. The officers shall perform the duties which are usually performed by such officers, or such duties as may be assigned to them by the chapter board. All year-end chapter reports as required shall be prepared and forwarded to Institute Headquarters by the retiring officers of the chapter.

Section 5. The resignation of any chapter officer, director, or chapter representative shall be effective when accepted by the chapter board.

Section 6. If by reason of resignation, death or otherwise, any vacancy shall occur in any chapter office or in the chapter board, the chapter board shall elect a member of the chapter to fill such vacancy for the unexpired term of the person replaced. If any such vacancy occurs with respect to a

chapter representative, the chapter board shall elect a member from its chapter to serve until the next Annual Meeting of Members of the Institute.

Section 7. No elected chapter officer, director, or chapter representative shall receive directly or indirectly, any salary, compensation or emolument from the chapter, but reimbursement may be had for actual expenses when authorized by the chapter board.

Article III. Meetings

Section 1. The annual meeting of members of each chapter shall be held not later than June 30.

Section 2. The president of each chapter shall present at the annual meeting of the Chapter, a report verified by a majority of the chapter board, reflecting all operations of the chapter for the year through the end of the month preceding such annual meeting. Immediately following the close of the chapter year, an annual report to include the full year shall be prepared in duplicate, the original filed with the records of the chapter and the duplicate submitted forthwith to Institute Headquarters. The chapter board shall appoint two members of the chapter, other than the officers of the chapter and other signatories to the chapter bank accounts, to act as auditors, who shall examine the annual report referred to in this section, and express their opinions thereon, furnishing copies of such opinion to the chapter board. A copy shall be appended to the copy of the annual report filed with Institute Headquarters.

Section 3. The secretary shall call meetings of the chapter at such time and place as directed by the president or a majority of the chapter board.

Section 4. Notice of all meetings of the chapter shall be mailed to all members at least one week before the date of such meeting and shall state the time, place, and purpose thereof. [Note: In March 1999, the Institute Board of Directors confirmed that notices in respect of chapter meetings could be transmitted electronically. The Board concluded, however, that email should not be the exclusive means by which a member may receive meeting notices. Hence, if a member so requests, traditional mail must be used to transmit such notices.]

Section 5. The chapter board shall hold regular meetings, monthly or as it may otherwise determine, at such place and at such time and upon such notice as it may in its discretion determine.

Section 6. Ten percent of the members of the chapter, whether present in person or represented by proxy, shall constitute a quorum for all purposes. [Note: In March 1999, the Institute Board of Directors confirmed that members may use email to send their proxies to the chapter.]

Section 7. One third of the members of the chapter board shall constitute a quorum for all purposes.

Article IV. Dues and Finances

Section 1. The Institute shall remit annually to the chapter an amount to be determined by the Institute Board of Directors in accordance with the Institute By-Laws.

Section 2. The funds of the chapter shall be deposited with such financial institutions determined by the chapter board in accordance with guidelines established by the Institute Board. Such funds shall be disbursed upon the order or orders of such persons as may be prescribed by the chapter board. Upon request by the Institute Board, the officers of the Institute shall be authorized to draw on chapter bank accounts. The fiscal year of the chapter shall end June 30.

Article V. Nominations

Section 1. The chapter board shall appoint not later than November 30, a Nominating Committee, consisting of not fewer than three members to nominate candidates for officers, directors, and chapter representative. The chair of the committee shall be designated by the chapter board. No person shall be appointed to the Nominating Committee who shall have served on the preceding Nominating Committee.

Section 2. Every member appointed to the Nominating Committee shall be notified by the secretary within seven days after appointment by the chapter board. The committee shall make nominations for officers, directors, and chapter representative to the Institute Board. The nomination for such positions shall be decided upon by a majority of the entire committee, and a report thereon signed by such majority filed with the secretary not later than January 31. The secretary shall mail such nominations to the members of the chapter, as well as to the Institute's Secretary [at TEI], within seven days of filing. Such report shall include a statement containing the name of each retiring officer, director, and chapter representative and the name of the person nominated as the successor.

Section 3. Nominations may also be made by five or more members of the chapter. Such nominations shall be in writing, signed by the nominating members, and filed with the secretary of the chapter not later than March 31. Such nominations shall be mailed by the secretary to the members, as well as to the Institute's Secretary, within seven days of filing.

Section 4. Only nominations made as hereinbefore provided shall be in order except that if there shall be so nominated for any position, a nominee who is unable or unwilling to serve, a substitute nomination may be made from the floor at the annual meeting of the chapter.

Article VI. Committees

Section 1. Except as otherwise provided by these Chapter Regulations or by the chapter board, the president shall designate annually the personnel of every committee, and at the time of appointment of a committee shall designate the chair of the committee.

Article VII. Debts and Obligations

Section 1. Any provision of these Chapter Regulations notwithstanding, no chapter, by action of its board of directors or otherwise, shall have authority to or shall incur debts, obligations, or financial commitments in excess of chapter funds on hand or in bank without the prior written approval of the Executive Committee or Board of Directors of the Institute.

Section 2. Any such debt, obligation, or financial commitment incurred in contravention of the provisions of Section 1 of this Article shall be the responsibility of the chapter, and to the extent that it is not satisfied by the chapter, shall become the joint and several liability of the members of the chapter board.

Article VIII. Chapter Policies

Section 1. No chapter, by action of its board of directors or otherwise, shall express an opinion or take concerted action, by public announcement, in private hearing or otherwise, purporting to express the views of the Institute or any chapter thereof, in any matter relating to proposed legislation, statutory enactments, administrative rulings and procedures or other controversial matter of any nature whatsoever, without the prior written approval of the Executive Committee or Board of Directors of the Institute.

Section 2. No chapter, by action of its board of directors or otherwise, shall undertake any program, meeting, publication, or other activity in affiliation or cooperation with any other public, private, or eleemosynary organization without the prior approval of the President of the Institute.

Article IX. Rules of Procedure

Section 1. The rules of procedure at meetings of members of the chapter shall be according to Roberts' Rules of Order, so far as applicable and when not inconsistent with the By-Laws and Chapter Regulations. The rules of procedure at any meeting may be changed by a majority of the members present in person or represented by proxy.

Article X. Construction

Section 1. All provisions of the By-Laws, not otherwise inapplicable by their terms, are incorporated herein by reference thereto.

Section 2. Any matter not specifically provided for by these Chapter Regulations or in the By-Laws shall be referred by the secretary of the chapter to the Institute Board whose decision shall be final.

Section 3. The Institute Board reserves the right to alter, modify, or amend these Chapter Regulations in whole or in part at any time without notice.

Chapter Organization & Governance

Organizational Structure

The Institute has 11 regions divided into 56 chapters in the United States, Canada, Europe, Latin America, and Asia. TEI and its chapters and regions are part of a single entity for tax and legal purposes. However, chapters maintain their own slate of officers and directors to oversee chapter operations. Chapter officers and directors are not officers and directors of the Institute.

Chapter Officers & Directors

Chapter President

The chapter president is the chosen leader of the chapter and is, therefore, looked to for strong, positive leadership. The president should prepare a program for accomplishment within the term of office and should present this program to the members.

To ensure successful completion of the program, the president should appoint committee chairs committed to this program. The president exerts a guiding influence on all the activities of the chapter and must ensure that all officers and committee chairs discharge their duties properly.

The president is the main coordinator who fits all activities into the desired pattern for a successful year. The president's duties are generally executive, however, and do not include the work of others; still, the president should be ready to act when the situation requires it and to take over any function, temporarily, until another can be appointed to carry out the task. The president regularly should consult with the vice president and be kept well informed on all matters. The president should identify and develop new chapter leaders.

Chapter President-Elect

All chapter officers are encouraged to attend the virtual Institute's Leadership Foundations Seminar in June and the in-person Annual Meeting of Members in August. Participation in these meetings is especially important for the chapter president-elect, as it provides an orientation and workshops for incoming leaders. Any chapter whose president is not in attendance at these important meetings starts its year under a handicap. The chapter's vice president should be encouraged to attend if a chapter president cannot attend the Leadership Foundations Seminar or Annual Meeting of Members. If necessary, chapters should underwrite all or part of a chapter president's (or vice president's) expenses to go to this meeting.

Chapter Vice President

The chapter vice president acts as an assistant to the chapter president. Consulted and informed by the president and assigned specific responsibilities, the vice president will play an active role in the chapter. This office is good training for the office of the president. The vice president assumes full responsibility in the absence of the president and shall assume the specific duties designated by the

president or Board of Directors. If there is more than one vice president, their rank should be designated.

Chapter Secretary

The chapter secretary is responsible for maintaining chapter records and sending out meeting notices. In cooperation with the chapter president, the secretary sets up agendas for the board meetings; prepares minutes of all meetings; turns funds over to the treasurer, taking a receipt therefor; submits bills to the board for approval to certify them for payment by the treasurer; and performs all related functions as may be required by the chapter president or board.

Chapter Treasurer

The chapter treasurer is the watchdog of the treasury, usually collecting all funds and making deposits, drawing checks in payment of bills approved by the chapter board (on a bank selected by the board), and keeping accurate records.

From time to time, the treasurer reports the state of the treasury as may be required by the chapter or Institute Board. It is also the treasurer's duty to watch the cash balance and advise the chapter board on proposed expenditures, etc. At the close of the year (June 30), a final report must be submitted to TEI, on a form supplied by it, as required by the Institute Board or as requested by the auditors.

Chapter Representative

The chapter representative is a member of the Institute's Board of Directors and attends Board meetings. The chapter representative is responsible for asking for chapter feedback and voicing the collective sentiments of the chapter's leadership to the Board, and for shares Board issues and decisions with the chapter leaders and membership. This ensures the Institute's Board, as TEI's policymaking body, fixes policies in accordance with the views of a majority of the members. To accomplish this, the chapter representative should prepare for the Board meetings by reviewing Board agendas and board books.

➤ Promoting Diversity through Institute Board Rotation

A hallmark of TEI's mission is to renew and refresh its leadership with rising professionals who raise new and innovative ideas and reflect the diversity of the Institute's evolving membership. Turnover among chapter representatives to the Institute's Board of Directors facilitates a greater variety and mixture of member representation and fosters new ideas and innovation. Chapters, however, may have difficulty identifying members who are willing and able to serve as chapter representatives to the Board, so it is important to strike a balance that preserves Board continuity and promotes change.

To the maximum extent possible, the tenure of a chapter representative to the Board of Directors should be limited to two consecutive, two-year terms. A chapter representative may serve a third

consecutive term only if the chapter explains in a written report submitted to the Executive Committee before the commencement of such third consecutive term, why it is in the best interests of the chapter and the Institute to extend service this way.

Under a rebuttable presumption, a chapter representative may not serve more than three consecutive terms unless the chapter submits a report to the Executive Committee explaining the steps the chapter took to develop new leadership and identify a replacement and the reasons a replacement was not available (i.e., why it is necessary for the incumbent chapter representative to serve another term). This process must be followed each succeeding two-year term that a chapter wishes to elect the same chapter representative.

Chapter Nominations

Members should be elevated to high office in the chapter based on merit, not seniority, friendship, or tradition. Chapter representative candidates should have the ability and willingness to attend Institute board meetings and otherwise take part in Board activities during the year.

Chapter Nominating Committees should give due regard to selecting as diverse (sexually, racially, and ethnically) a slate of officers as possible. The Board of Directors periodically reaffirms that inclusiveness is a high priority in the selection and appointment of TEI leaders. Chapters are encouraged to recruit and nominate women and minorities for chapter leadership positions, thus increasing the pool of experienced candidates for nomination to Institute leadership positions. Please refer to the **Leadership Development Guidelines** section of this Manual for further guidance.

The chapter president, as soon as possible after selection but in any event by April 30, shall input the list of chapter committee chairs into the Chapter Nomination Portal or forward the list to the TEI Membership Team for the coming fiscal year.

Indemnification

Chapter Staffing

Chapters may not hire employees to conduct TEI business; however, chapters can engage independent contractors to support chapter administration and operations. To ensure such people are regarded as independent contractors rather than TEI employees for state employment and tax purposes, the independent contractor must operate separately, provide their own tools, and control how the work is performed. Chapters using independent contractors for substantial chapter administration and operations should contact TEI's Chief Tax Counsel for an independent contractor agreement that outlines the relationship and responsibilities. Chapters that pay an independent contractor more than \$600 per year must collect a W-9 from that individual and forward information to TEI's Governance & Operations team so that TEI can prepare a Form 1099 for the individual. See the **Form 1099 Reporting** section of this Manual for more details.

Chapter Membership

Upon joining the Institute, members are assigned to the chapter of their choice. Members may also be assigned as chapter participants in other chapters.

Chapter Members

Members of the chapter will have access to the chapter's communities and rosters, and chapters have the right to an annual rebate of \$30/Full member joining between July 1 and March 31 of the prior fiscal year.

Chapter Participants

In addition to selecting a primary chapter for membership, members can select additional chapters where they would like to be designated as chapter participants. Chapter participants are also included in those chapter's communities and rosters; however, chapters will not receive a rebate for such members. Chapters may contact the TEI Membership Team to designate members as chapter participants.

Recruiting New Members

Recruiting new members is key to TEI's continued success. Based on a review of "best practices" in the chapters, the Institute has developed a Chapter Membership Guide, which includes recommendations to enhance the recruitment of new members and the expansion of the companies represented by the membership. The current version of the Guide is available on TEI's website, www.tei.org. TEI's Membership Team will work with the chapters to perfect and implement these best practices:

- Chapters should consider appointing their Membership Committee chairs to two-year terms. This will help with continuity in the recruitment and retention process. Similarly, chapters should consider appointing a vice chair of the Membership Committee, who (as the chair's designated successor) would play an increasingly active role starting several months before he or she assumes the chair position.
- Chapters should consider expanding the size of the chapter Membership Committee to share ideas and spread the workload associated with recruitment efforts.
- Contacts by chapter officers, board members, and the Membership Committee chair should be documented.
- The chapters should have procedures for contacting and following up with prospective members, and ask for assistance from TEI as needed.

- The chapter Membership Committee chair should routinely be asked to discuss recruitment efforts at board meetings, including its efforts to increase diversity, to ensure ongoing chapter support for the chapter Membership Committee's recruitment efforts.
- Chapters should peruse business publications, directories, and other resources to identify companies not currently represented by a TEI member. The chapter should contact companies, explaining the benefits of membership and encouraging the company's tax executives to join TEI. (The chapter should consider inviting the prospective member to go to chapter meetings as its guest, so the prospect can experience first-hand the benefits of local networking.)
- Chapters should establish (and maintain) a dialogue with local accounting and law firms about the advantages of TEI membership for their client companies. These firms should be encouraged to communicate with their clients about the desirability of TEI membership, and to the extent possible to identify prospective members that the chapters can contact directly. Speakers from these firms should be encouraged to invite their eligible clients to chapter programs.
- Chapters should encourage the local sales representatives of tax-related publications and tax technology firms (such as Thomson Reuters, Bloomberg Tax, CSC Corptax, and Vertex) to share information regarding TEI with clients.
- Chapters should try to expand the number of active members at each member company, for example, by stressing the benefits of membership.
- Chapters should contact major universities and colleges with master's degree in tax programs to expand the contact list for students and alumni. To help with this process, chapters should consider inviting tax professors to attend meetings as guests.
- Chapters should post information about their events on their chapter microsite and chapter LinkedIn pages.

Chapter Engagement

Any organization tends to stagnate unless new talent is introduced. Chapters need to be continually invigorated by new members, who should be brought into active participation at the earliest possible time. This can be done by identifying volunteer opportunities and appointing new members to a committee(s) in which he or she has expressed interest. The chapter committee chair should make certain that the new member is invited to the next committee meeting.

Chapter Dues

Article IV, Section 1, Paragraph 2 of the By-Laws states that chapters may not collect additional dues from members. The chapter may, however, assess members for meals, beverages, and other costs of chapter functions. The Board has interpreted this provision as allowing chapters to offer for

the pre-billing and season passes for events; however, this assessment may not be mandatory. See the **Season Pass and Pre-Billing Procedures** section of this Manual for more details.

Chapter Committees

Standing Committees

It is recommended that each chapter establish standing committees and appoint a chapter committee chair for each committee to provide guidance and support to the chapter. The number and scope of chapter committees depends on the size and needs of the chapter. Common chapter standing committees include:

- Membership (required, even if a committee of only one)
- Tax Leadership & Development
- Income Tax
- International Tax
- IRS Administrative Affairs
- Programming
- State and Local Tax
- Tax Technology
- Financial Reporting
- Specific industry committees (depending on local aspects of commerce and industry)

Descriptions of the functions and scope of Institute committees are prescribed in the **Institute Standing Committees** section of this Manual. Chapter committees commonly recommend programming and speakers for chapter events.

Membership Committee

Each chapter should establish a chapter Membership Committee and appoint a chapter Membership Committee chair. The chapter Membership Committee helps to build a strong, well-balanced chapter by recruiting qualified tax executives to become TEI members. The Membership Committee should welcome and orient new members to the chapter and encourage new and prospective members to attend and take part in chapter events. The chair of the chapter Membership Committee should submit an annual report to the chapter president summarizing the activities of the committee at least two weeks before to the chapter's annual meeting.

Website Administrator

While chapter officers have the full access necessary to manage and populate their chapter's community on TEI Engage, it is recommended that chapters appoint a chapter website administrator to perform day-to-day administrative functions, set up meeting web pages, and post about chapter activities on TEI's website and LinkedIn.

Appointment of Chapter Chairs and Chapter Committee Members

The chapter committee chair automatically becomes a member of the corresponding Institute standing committee. The chapter committee chair is encouraged to attend Institute committee chair meetings and share issues and developments with the chapter members.

The incoming chapter president, in cooperation with the chapter secretary, should give each chapter member a list of chapter committees and a brief statement of the functions and scope of each. All chapter members should be encouraged to become involved in chapter standing committees and committee work. New members also should be invited to participate.

Chapter Committee Reports

Chapter committee chairs should prepare periodic reports of the activities of their committees. Such reports should be presented to the chapter president.

Chapter Advocacy & Liaison Meetings

For information regarding chapter advocacy and liaison meetings with government officials, please refer to the **Institute Policy on Legislative and Technical Activities** in this Manual, and **Special Rules Relating to State and Local Activities** and **Special Rules Relating to Canadian Activities**, in particular.

Chapter Awards

The work of chapter officers provides benefits to all chapter members, and officers must spend many hours of effort to ensure a successful year. Chapter officers and chapter committee chairs are, therefore, entitled to appropriate recognition for meritorious service. The outgoing chapter president, for example, is usually awarded the official past president's pin or an appropriately engraved gavel or plaque.

In addition, chapters may grant Distinguished or Meritorious Service chapter-level awards upon a vote of their board of directors. Chapters may not, however, vote to grant any individual honorary membership. Chapters should send the form for these awards to the Membership Team.

The Board of Directors has established an Institute-level Meritorious Chapter Service Award, which recognizes and expresses the Institute's appreciation for outstanding service to TEI relating to the

Institute's advocacy, education, networking, or association management service at the chapter level. See the **Meritorious Chapter Service Award** section of this Manual for more details regarding the requirements for this award.

Chapters should forward nominations for the Meritorious Chapter Service Award and other chapter-level awards to the Membership Team for processing.

Chapter & Regional Conferences & Meetings

Regional Conferences

The following guidelines for regional conferences have been adopted by the Board of Directors:

Organization

- Regional conferences may be held if considered desirable by the members of the region. When held, they are the responsibility of the region. Thus, any contractual arrangements made regarding the conference (e.g., for meeting, meals, and entertainment, or hotel space) will be the financial responsibility of the region and the chapters it encompasses. No contract involving the expenditure of \$5,000 or more should be signed before the contract is reviewed by a member of TEI's legal staff and the Assistant Director of Conference Planning.
- The Regional Vice President of the region should appoint a conference chair, preferably from the designated "host" chapter.
- The conference chair should appoint a committee composed of at least one member from each chapter in the region and designate one person, preferably from the host chapter or his or her own chapter, to be responsible for organizing all hotel arrangements. The Regional Vice President should be a member of the planning committee and should ensure proper planning and administration of the regional conference.
- Attendance should not necessarily be limited to the region; TEI members from other regions should be invited. A member of the planning committee should be assigned responsibility for publicity.
- Each region may extend invitations to the federal and state tax authorities from within its own region; however, no invitations shall generally be extended to senior Internal Revenue Service or Treasury Department representatives in Washington without coordinating the request through the Institute's Executive Director.
- Regional conferences should be promoted on TEI's website. Regions should submit written summaries and photographs to TEI for publication in *Tax Executive*, TEI's bi-monthly professional journal.

- Practical guidelines for planning the conference are reprinted in the **Toolkit: Meeting Planning Guidelines for Regions & Chapters** in this Manual.

Financing

- Regional conferences should generally be budgeted on a break-even basis.
- A bank account for the conference should be opened by the Regional Vice President, who will have joint signing authority with the conference chair. Alternatively, funds may be managed through the host chapter's bank account, subject to full accounting and internal controls.
- When an employer identification number (EIN) is required for a bank account, it will generally be the EIN number applicable to TEI, which is 52-0239291.
- Reimbursement of out-of-pocket expenses of conference speakers should generally follow TEI guidelines (*see the **Conference Expense Reimbursement & Honoraria Policy** in this Manual*).
- If the income for a conference exceeds expenses, the surplus funds should be kept in the region's bank account, with control being turned over to the succeeding Regional Vice President for the next regional conference. These funds should be considered when setting the budget for the next conference.
- Regions and their respective chapters are financially responsible for the regional conference. If a conference incurs a loss and there is no fund available to offset it within the region, the deficit should be allocated among the chapters of the region or an assessment should be made to members who attended.
- If the Institute's President, Executive Director, or another representative of TEI is invited to attend or participate in a regional conference, the registration fee for that person should ordinarily be waived.

Chapter Conferences & Meetings

Meetings

Generally, chapters should hold regular monthly or quarterly meetings monthly. Because of the distances required to be traveled by members in some chapters, fewer meetings (usually of longer duration) may be held. The meetings should be devoted to programs involving discussion of problems and questions relating to taxes and tax administration. All business of the chapter should be transacted by the chapter board of directors at regularly scheduled meetings. Practical guidelines for selecting a meeting location and negotiating with the facility can be found in the **Toolkit: Meeting Planning Guidelines for Regions & Chapters**.

Chapter Programming

The development of chapter programming is the heart of chapter operations. Attendance at meetings, interests of members, and benefits to members are, to a large extent, proportionate to the timeliness and quality of chapter programs. Chapters are encouraged to establish a chapter Programming Committee and ask for topics and speakers from chapter standing committees.

Chapters seeking guidance on chapter programming, sponsors, and speakers should contact TEI's Director of Sponsor Relations and consult the Chapter | Sponsor Connection Portal for a robust and searchable directory of session proposals.

Guest Professor and Student Program

TEI encourages chapters to invite local professors and their students to certain chapter meetings as guests. This may be done by working through the contact for the chapter's scholarship program or by identifying a professor at a local university.

The chapter has discretion to designate which meetings professors and students may go to. Meetings involving government officials, topics of interest, and where nonmembers will not materially affect the nature or "flow" of the discussion are encouraged. Chapters should not impose attendance restrictions based on a student's place of employment.

Continuing Education Credits

CPE for Chapter Programs

Continuing professional education (CPE) requirements vary from state to state. Many states do not require CPE sponsors to register; however, several states (such as New York, Pennsylvania, and Texas) require CPE sponsors to register with the state even if the sponsor is registered with the National Association of State Boards of Accountancy (NASBA).

TEI chapters and regions should either seek certification from their home state or become a registered sponsor of CPE events with NASBA for in-person live events or partner with practitioner firms who can provide their own NASBA registry number. Chapter may not use the Institute's CPE certification for live, in-person chapter and regional events.

TEI is certified by NASBA to provide Internet live CPE credits. Chapters and regions can request to use the Institute's NASBA certification number for online events. To use the Institute's certification, the chapter or region must submit a preliminary program, registration information, a sample evaluation, and a sample CPE certificate to the TEI Meetings Team before the event to ensure the chapter or region meets all NASBA requirements. Information on how to submit your chapter or region's event is available in the Chapter Leaders' group in TEI Engage.

Ethics training is especially difficult to obtain outside a member's licensing jurisdiction because many states (such as California and Texas) require that the training be approved by the licensing

jurisdiction's board of accountancy (or continuing legal education board). Other states (such as Ohio) require that the trainers be state-approved; others (such as Florida) require that the training be jurisdiction-specific.

It is the chapter or region's responsibility to make sure they are properly registered with the jurisdiction in which it is located. More information about state requirements may be found at www.learningmarket.org.

CLE for Chapter Programs

Continuing legal education (CLE) requirements vary from state to state. Chapters should apply to the state(s) where chapter members require CLE to accredit their programs. Most states let members apply for CLE on their own, but chapters should research the requirements in their state(s). Generally, CLE is calculated on a 60-minute hour, whereas CPE is calculated on a 50-minute hour, so certificates of attendance for chapter programs should be calculated to match the accreditation desired.

Americans With Disabilities Act

The Americans with Disabilities Act (ADA) requires organizations to afford disabled individuals access to, and the use and enjoyment of, the same goods, services, privileges, advantages, and accommodations available to people who are not disabled. Title III of the ADA relates to the "public accommodations" that must be accessible to disabled people. As the lessee of meeting space, a chapter or region may become subject to the public accommodations provision of the ADA. Using common sense and sensitivity will generally make sure an individual's needs are met.

To ensure compliance with the ADA, chapter and regional officers should confirm that meeting places are fully accessible and usable by disabled people. Optimally, contracts for meeting space should include a provision that the lessor of the space assumes responsibility for compliance with the ADA and will hold harmless, indemnify, and defend the chapter or region against any legal action under the ADA. In addition, registration forms for chapter and regional events should ask whether the registrant has any special needs. For example, the form could state, "Please check here if you require special accessibility or assistance at this function." The form could then have a space for listing those requirements.

Co-sponsorship/Cooperation with Other Organizations

The Chapter Regulations prohibit chapters from cosponsoring programs with any outside organizations without prior written request to and approval of either the President or Senior Vice President of the Institute. (See **Article VIII. Chapter Policies** of the Chapter Regulations, Section 2.)

When seeking this approval, a chapter should understand that ordinarily approval will not be granted to cosponsor a meeting with a for-profit organization. The approval requirement is designed to make sure the Institute's standing, credibility, and financial resources are not compromised by affiliation with other organizations.

Written approval should be obtained well before the distribution of promotional materials for the program. The written request from the chapter should identify, at a minimum, the identity of the cosponsoring organization (including, if applicable, its status under the Internal Revenue Code or other jurisdiction's tax code and, if exempt, a copy of its exemption letter), the nature and content of the proposed program (including whether alcoholic beverages will be served at any program-related function), the expected total number of registrants (and the estimated number of TEI members), promotional and mailing arrangements, and the financial arrangements between the chapter and the cosponsor(s) (including specification of which cosponsor is responsible for securing liability insurance and, if not TEI, specify the coverage limitations). Requests should be sent to the Institute's President, with a copy to the Executive Director.

In addition, chapters may be approached by organizations seeking to offer a discount for TEI members for certain products and services. The Institute must approve these arrangements in advance. When reviewing such requests, the Institute will consider the tax status/profit motive of the sponsoring firm; the reputational risk to TEI; the potential for competition with chapter, regional, or Institute activities; the benefits to TEI and its members; and the chapter's criteria for differentiating among offers it receives. Requests to take part in such activities should be sent in writing to the Institute's Executive Director. In no event should the sponsoring firm be given a copy of the chapter's membership list.

Use of TEI Brand/Trademark

The Institute's logotype has been registered with the U.S. Trademark and Patent Office, as well as with the counterpart Canadian government agency. All printed chapter materials featuring the mark (such as letterhead, program brochures, or meeting notices) should carry the registration symbol next to the mark. Printed and electronic versions of the trademarked logotype may be obtained from TEI. Chapters should not create their own logos (e.g., using the "TEI mark") without advance approval from TEI.

"TEI" is a powerful brand. In working with professional service or other firms to hold meetings, chapters and regions should ensure the Institute's "brand" is not diluted or co-opted by a sponsoring firm. Thus, chapters should avoid labeling meetings sponsored by another organization as a "joint" program. Rather, the chapter should say that the meeting is held "in cooperation with" or it is "sponsored by" the law or accounting firm. Chapters should seek advance approval of any communications the sponsoring firm issues to ensure adherence to these guidelines. *See the **Co-sponsorship/Cooperation with Other Organizations** section of this Manual for more information about co-sponsorship.*

Insurance for Meetings & Events

The Institute carries a liability policy that provides \$2 million in liability coverage for bodily injury and property claims arising from Institute activities. Activities of TEI's chapters and regions are covered under the policy.

“Dram Shop” Laws

In recent years, tort liability for the service of liquor has been expanded either by statute or case law. This expansion of liability is related to, though generally predates, tougher enforcement of drunken driving laws. Under “dram shop” or “third-party” laws, liability is imposed on people who serve liquor for injuries and damages caused by intoxicated people.

The Institute maintains a “host liquor liability” coverage that covers the service of liquor to members and guests at TEI meetings (including those sponsored by the chapters and regions). The policy does not cover events where the Institute is found to be “in the business of” selling liquor. Under this coverage, a chapter or region may include the cost of liquor in the price it sets for an event or it may provide a cash bar run by hotel staff.

The insurance policy—and the law—requires the host to act “reasonably” in serving liquor to people attending a TEI function, including the use of a hospitality suite during a national or regional conference. To make sure the reasonableness standard is met, chapters should optimally hire a bartender (preferably a hotel employee) to dispense liquor during a chapter meeting. At a minimum, a responsible person should be designated to oversee the bar. Guests should rarely be permitted to serve themselves, and intoxicated people or minors should never be served. In addition, the chapter should consider adopting a policy of providing cab fare home or alternative transportation for any intoxicated person. A sample chapter resolution is reprinted in the **Toolkit: Chapter Resolution Concerning Alcohol** in this Manual.

Failure to act reasonably may void the Institute’s insurance and subject the responsible parties (including members of the chapter’s board of directors) to personal liability for damages caused by intoxicated people.

Water Events

A rider to the Institute’s insurance policy provides an exclusion from coverage for bodily injury or property damage arising out of the use of any watercraft (exceeding 50 feet) by the chapters or regions. According to the Institute’s insurance broker, this exclusion applies to activities such as chapter-sponsored cruises. TEI cannot obtain insurance for such water events. Consequently, the chapter should ask for it to be added to the insurance policy of the lessor of any boat it hires. Chapters should obtain an “additional named insured” certificate from the lessor and forward a copy of that certificate to TEI at least 30 days before the event.

Chapter Finances

Chapter Financial Guidelines

The following Chapter Financial Guidelines were approved by the Board of Directors, October 22, 1994.

General Guidelines

- TEI annually rebates \$30 per member to the chapter. Chapter dues are prohibited, but certain pre-billing arrangements (discussed below) are permitted. Pro rata rebates are sent to the chapters in fall for all paid Full members who joined between July and March of the prior fiscal year. No rebate is paid in respect of members admitted in April through June. Rebate checks are accompanied by listings of all paid members, which chapters should cross-check with their own records.
- Article IV, Section 1, Paragraph 2 of the By-Laws states: “The portion of the annual dues remitted by the Institute to the chapter is intended to defray the cost of chapter operations for postage, mailings, expenses of guest speakers and prospective members, and other normal administrative expenses and the chapter may not collect additional dues from members. The chapter may, however, assess members for meals, beverages, and other costs of chapter functions.”
- Pursuant to the By-Laws, the Board of Directors has authorized the chapters to impose charges only on essentially a per-function basis. The Board has also authorized the chapters to expend chapter funds as part of an authorized scholarship program.
- Chapter activities should be self-sustaining and charges to members should be determined accordingly. The goal in setting meeting charges should generally be to break even. There is no need to build up a chapter cash balance beyond a nominal amount; rather, it is in the best interests of TEI and its members to hold down the costs of meetings and dinners. If the chapter cash balance grows beyond the current needs of the chapter (including expenses associated with an authorized scholarship program), consideration should be given to reducing meeting charges (in effect partially subsidizing the members) until the balance is drawn down to a reasonable amount. *See the **Chapter Discretion and Institute Oversight** section of this Manual for more information.*
- No contract involving the expenditure of \$5,000 USD or more may be executed by the chapter before the contract is reviewed by the Institute’s Executive Director or his or her designee.
- Chapters may find it convenient to request that members pay for a given number of meetings in advance (e.g., at the beginning of the year). Although a number of chapters have adopted such “season pass” or “pre-billing” procedures for cash management purposes, TEI’s Board has concluded that such procedures cannot formally be “enforced.” Members who decline to

comply with a pre-billing request cannot be denied any benefits of membership and should be permitted to pay meeting expenses on an event-by-event basis, though the per-meeting charge may be higher than a comparable portion of the pre-billing amount.

- At the end of the fiscal year, the chapter treasurer must file a completed financial report with TEI. The final report should be filed no later than July 31 for use by TEI's certified public accountants in preparing TEI's financial statements and its not-for-profit information return (Form 990), which is due November 15. Before being submitted to TEI, the report should be reviewed by the chapter Audit Committee (in accordance with the procedures set forth below). In addition, the treasurer shall forward a copy of all tax returns or reports filed during the year to TEI.
- TEI maintains its books and records on an accrual basis, using a June 30 year-end. Chapter reports can be prepared on either the cash or accrual basis (as long as they are prepared consistently). Even if reports are filed on a cash basis and some bills remain outstanding at the end of the fiscal year, anticipated material expenditures should be noted in an attachment to the report.

Chapter Discretion and Institute Oversight

TEI's Board of Directors has adopted the following policy statement (revised, as appropriate, to include updated figures):

1. TEI chapters are responsible for planning and conducting their activities in a manner that furthers the Institute's Mission of enhancing and improving the tax system and of serving its members, their employers, and society generally by facilitating interaction among, and the training of, members and their staffs, by effectively advocating its members' views, and by promoting competence and professionalism in both the private and government sectors. To this end, the chapters should generally focus on providing education, opportunities for networking, and local advocacy activity. Activities not closely linked to these purposes should be scrutinized.
 - A. The essence of TEI, like the essence of all membership organizations, is its members. In exercising its fiduciary duty under New York State Law, the Board of Directors (and the Executive Committee) should be mindful that the organization's success depends on the voluntary efforts of its chapters and members. Arbitrary limitations should not be imposed on chapter activities.
 - B. Hence, the chapters have discretion to pursue the Institute's mission, subject to the guidance and limitations set forth in TEI's By-Laws and in procedures adopted by the Board of Directors (including the Chapter Regulations and the Manual of Organization and Operation). Each chapter's activities will depend on its location, size, and the level of interest exhibited by the members.
 - C. Among the areas in which the Board of Directors has adopted policies are —

- Imposition of chapter dues (prohibited by the By-Laws).
 - Sponsoring joint meetings with other organizations (advance approval required by Chapter Regulations).
 - Awarding of scholarships (limitations imposed on duration of scholarship, minimum amount, and administration of scholarships).
 - Contract review (contracts involving expenditures of more than \$5,000 USD must be referred to the TEI's Chief Tax Counsel before they are executed).
2. "Because the chapters are considered branches of TEI for both tax and state law purposes, chapter funds are an integral part of the Institute's financial assets. The Institute Board's fiduciary duty thus extends to the proper investment and accumulation of chapter balances, and the Board retains the authority to exercise control in appropriate circumstances over those balances." (Manual of Organization and Operation.)
- A. From 1997 to 2014, aggregate chapter balances grew from \$656,000 to more than \$2 million. (The average chapter balance per member has increased from \$134 to \$258.) During the same period, the Institute's fund balance increased from \$1.2 million to more than \$10 million.
 - B. "Chapter activities should be self-sustaining and charges to members should be determined accordingly. The goal in setting meeting charges should generally be to break even. There is no need to build up a chapter cash balance beyond a nominal amount; rather, it is in the best interests of TEI and its members to hold down the costs of meetings and dinners. If the chapter cash balance grows beyond the current needs of the chapter (including expenses associated with an authorized scholarship program), consideration should be given to reducing meeting charges (in effect partially subsidizing the members) until the balance is down to a reasonable amount." (Manual of Organization and Operation, Chapter Financial Guidelines.)
 - C. Although the chapters should have wide discretion to conduct their affairs, ultimate responsibility for ensuring adherence to all applicable laws, the Institute's By-Laws, Chapter Regulations, and other TEI policy statements rests with the Board of Directors. This is a fiduciary duty that cannot be delegated.
 - D. Nevertheless, it is recognized that a single rule cannot apply across the board and that the chapters in most instances are the best judge of how best to conduct their affairs (including how to spend their accumulated funds). It is also recognized that some chapters may well have special needs in respect of their chapter balances. For example, a chapter that will "host" a TEI annual

conference in the future may wish to build up a significant balance to be used in sponsoring a hospitality suite and other conference activities.

3. To guard against undue accumulation of funds in the chapters, it is TEI policy that, in the absence of extraordinary circumstances, chapters should not accumulate a balance of more than \$250 per member (not including any regional funds). The determination of the per-member chapter cap on balances will be made on June 30 each year.
 - A. The per-member balance will be reported to the Institute's Treasurer in the chapter's year-end financial report and where the balance exceeds the \$250-per-member standard (based on the June 30 number of members), the chapter should provide a report on —
 - the reasons for the relatively high balance, such as the chapter's special needs or other extenuating circumstances; and
 - the chapter's plan for mitigating the high balance situation (including a timetable for action), should the special needs or other extenuating circumstances not prove compelling.
 - B. The Executive Director will review the chapter reports and, in appropriate circumstances, discuss with chapter leaders whether any changes in the chapter's activities or plans are necessary. In the course of these discussions, the Executive Director may suggest solutions other than those initially proposed by the chapter, with the overriding goal being avoiding the buildup of excessive chapter balances in a manner consistent with the Institute's principles and purposes.
 - C. If the chapter and Executive Director are unable to resolve any issues associated with this rule, the matter will be referred to the Executive Committee.
 - D. The Executive Director will take steps to ensure that the implementation of the foregoing rule is not unduly bureaucratic, while recognizing that, especially given the transitory nature of chapter leadership, the Institute has an obligation to provide effective guidance to, and oversight of, the chapters.
 - E. The \$250 per-member standard is a cap, not a goal. Hence, notwithstanding the imposition of the \$250 per-member rule, chapters should pursue the goal of holding down meeting costs and remain mindful of the Institute's policy that chapters not permit their cash balances to grow beyond the level to fund their current programs. (*See Paragraph 2.B. above.*)
4. Chapters and regions are strongly encouraged to use their excess funds to defray travel costs of sending their leaders to Institute-level events. The opportunity to create a funding source to enable members, rising and seasoned, as well as current and future leaders to

actively participate in the fullest range of Institute activities is, arguably, the single most effective way for chapters to put the Institute's money "to work" for the benefit of its members. The Executive Committee has created an Institute-level fund for the purpose of underwriting travel expenses for non-North American chapter leaders to attend Institute-level events. Such funds are replenished annually as part of the budget process. Chapters with funds in excess of the per member limit are encouraged to make voluntary contributions to the Institute-level fund to help replenish this critical resource.

5. Consistent with the current rule that all contracts involving the expenditure of more than \$5,000 USD must be referred to the Executive Director before they are executed, chapters must provide the Executive Director with advance notice of proposed expenditures for a particular program or activity in excess of \$10,000 (whether the payments are made to one or more vendors). Hence, if a chapter wishes to spend more than the specified amount for any purpose — whether to fund scholarships, to sponsor a conference hospitality suite, to hold a multi-day educational program, or to otherwise spend down its chapter balance (for example, where its program proved unexpectedly successful) — it should so notify the Executive Director at least 30 days in advance. If the chapter and Executive Director are unable to resolve any issues raised by proposed expenditures for a particular program or activity, the matter will be referred to the Executive Committee.
 - A. This advance notice rule will provide the Institute with a means of fulfilling its fiduciary duty in respect of the Institute's finances without unduly burdening the chapters.
 - B. Where a chapter has one or more recurring programs involving expenditures in excess of the threshold (such as an annual tax school), the requisite notice (for any or all of those programs) can be provided at the beginning of the year (for example, in a report in which the chapter president sets forth the chapter's goals and objectives for the year). Notice in respect of new programs or special projects may be provided on an ongoing basis.
 - C. The chapters' year-end financial report will be revised to capture summary information about expenditures in excess of the \$10,000 threshold.
6. The Institute's Scholarship Guidelines authorize the chapters to make scholarship grants annually of up to \$10,000 (regardless of the number of recipients). If a chapter wished to make aggregate grants of more than \$10,000, it would follow the advance notice procedure set forth above. Hence, if a chapter in a major metropolitan area having several high-quality graduate tax programs wished to award scholarships of \$15,000 in a single year, it should so notify the Executive Director and, assuming the Institute's other policies were being adhered to, no objection would be interposed to the proposed expenditure.

Chapter Finances

General

Chapter activities should be self-sustaining and charges to members should be calculated accordingly. Beyond providing for current or foreseeable expenses, however, there is no need to build up a chapter cash balance beyond a nominal amount. Rather, it is in the best interests of TEI and its members to hold down the costs of meetings and dinners. The Institute's Board of Directors has concluded that, absent extraordinary circumstances, chapters should not accumulate a balance of more than \$250 per member (excluding any regional funds). (Approved, March 15, 1997.) The policy is set forth in the **Chapter Financial Guidelines** section of this Manual. Chapters may, however, create a sponsorship program, subject to the Board-approved guidelines, as set forth in the **Sponsorship for Chapters & Regions** section of this Manual.

Article IV, Section 1, Paragraph 2 of the By-Laws provides for the payment of a pro rata rebate to the chapters from each member's annual dues, and then states:

The portion of the annual dues remitted by the Institute to the chapter is intended to defray the cost of chapter operations for postage, mailings, expenses of guest speakers and prospective members and other normal administrative expenses and the chapter may not collect additional dues from members. The chapter may, however, assess members for meals, beverages, and other costs of chapter functions. (Emphasis added.)

The Institute Board of Directors has consistently interpreted the last sentence of the quoted language as allowing only charges on essentially a per-function basis. Thus, a chapter may charge for all expenses attributable to a member's attending a particular chapter seminar (e.g., for food, meeting rooms, duplication of handouts) or assess all members who go to an Institute conference a fee to recoup (in part or in full) the expenses of a chapter hospitality suite. The Institute Board has never authorized the chapters to collect a fee from all members, without regard to their participation in chapter activities.

Thus, chapter dues are prohibited, and a chapter may not vote to impose a mandatory fee on all members in lieu of raising the monthly dinner fee, the cost of a season dinner pass, or the charges imposed on special chapter functions (such as hospitality suites at Institute conferences).

Season Pass and Pre-Billing Procedures

In budgeting the cost of specific meetings, the goal should be to break even. Chapters may find it convenient to ask for members to pay for a set number of meetings in advance (for example, at the beginning of the year). Although many chapters have adopted such "season pass" or "pre-billing" procedures for cash management purposes, the By-Laws' proscription on chapter-level dues means that pre-billing procedures cannot formally be "enforced." Hence, a member's refusal to abide by a pre-billing request must not result in the member's being denied any benefits of membership (i.e., the member should be allowed to pay meeting expenses on an event-by-event basis).

Section 6113 of the Internal Revenue Code imposes requirements on non-charitable tax-exempt organizations—such as TEI—to make sure contributors are not misled into believing that contributions to such organizations are deductible under section 170 of the Internal Revenue Code. Under this disclosure requirement, chapters should include the following notice in any billings that request payment in advance for more than one meeting (including any amount billed for meals and beverages only):

While contributions and gifts to Tax Executives Institute, Inc. are not deductible as charitable contributions, they may be deductible under other provisions of the Internal Revenue Code.

It is not necessary to include the required notice on materials relating to monthly chapter meetings or regional conferences.

Chapter Rebates

The amount of the dues rebate payable to the chapters is set by the Institute's Board of Directors; it is currently \$30 per member. In 2021, the Board of Directors mandated that the chapter rebate would be calculated based on the number of Full members of the chapter that joined TEI effective July 1 and March 31 of the prior fiscal year. Members admitted between April 1 and June 30 have their dues waived for the short period and, hence, no rebate will be paid to the chapter until the next fiscal year.

Chapter & Region Investment Policy

While TEI's Board of Directors approved a new investment policy for the Institute in June 2012, the policy does not apply to the investment of funds held at the chapter or regional level. Chapter or regional funds may only be invested in government-insured or guaranteed instruments with a maturity of less than 24 months.

Chapter & Region Travel Funds & Stipends

Regional Travel Funds

Each of TEI's eleven regions is represented by a Vice President who serves as a link between the chapters and the Board. A significant part of the duties of those officers is to network with the chapters within the region and to plan and attend regional liaison meetings. To encourage the participation of members who might not have enough company travel funds to permit them to serve as Regional Vice Presidents, the Board of Directors authorized the chapters to establish regional travel funds. [Approved: March 17, 2002.] Specifically, TEI chapters within a region may elect to contribute up to \$1,000 per year to a regional travel fund for use by the Regional Vice President at his or her discretion, subject to the restrictions and controls below. A chapter may contribute more than that amount if the contribution is approved in advance by TEI's Executive Director.

1. The contributed funds are to be used by the Regional Vice President solely for reimbursement of his or her travel expenses related to the performance of his or her duties as an officer, including attendance at chapter meetings, regional government liaison meetings, and regional conferences, and attendance at meetings of the Institute Board of Directors and Executive Committee.
2. The regional travel fund shall be administered by the chapter to which the Regional Vice President belongs and shall be subject to appropriate internal controls as adopted by that chapter. The chapter shall include these funds in its financial report submitted to TEI at the end of the fiscal year, and the Regional Vice President shall also report on the use of these funds in his or her final report to the Board.
3. At the end of the fiscal year, any remaining funds in the regional travel fund shall be transferred to the Chapter of the incoming Regional Vice President for use in a similar regional travel fund in the upcoming fiscal year.
4. If the chapters within a region determine to terminate the regional travel fund, the Regional Vice President shall consult with the Executive Director about the disposition of any remaining funds.

Chapters do not have to contribute to a regional travel fund. In addition, a region (or the chapters constituting a region) may establish or maintain a fund to pay for other activities such as regional conferences.

Nothing in this procedure prevents an individual chapter from reimbursing the out-of-pocket expenses of a Regional Vice President for travel within the region and to other TEI meetings, subject to the proper internal controls as adopted by that chapter.

Non-North American Travel Stipend

The Executive Committee has created an Institute-level fund to underwrite travel expenses for the Institute's non-North American chapter leaders to attend Institute-level events. Such funds are replenished annually as part of the budget process. Chapters with funds over the per-member limit are encouraged to make voluntary contributions to the Institute-level fund to help replenish this critical resource. See the **Travel Funds & Stipends** section of this Manual for details regarding the parameters and amount of this stipend.

New Chapter Travel Stipend

The Executive Committee has created an Institute-level fund to underwrite travel expenses for leaders of new chapters to attend Institute-level events. Such funds are replenished annually as part of the budget process. See the **Travel Funds & Stipends** section of this Manual for details regarding the parameters and amount of this stipend.

Government Travel Expenses

This section outlines the procedures to be followed by chapters in seeking reimbursement of travel expenses for governmental officials who take part in chapter programs.

TEI qualifies as a section 501(c)(6) organization under the Internal Revenue Code. Internal Revenue Service and Treasury Department operating rules prevent their representatives from accepting reimbursement of travel expenses from section 501(c)(6) organizations. Those officials can, however, accept reimbursement from an organization that qualifies as a tax-exempt organization, under section 501(c)(3) of the Code. (Some states have similar restrictions.)

TEI Education Fund was incorporated in the Commonwealth of Virginia in February 1987. In November 1987, the Fund received a determination letter from the IRS stating that it qualifies for tax-exempt status under section 501(c) (3). A copy of that determination letter is in this Manual in the **TEI Exemption Letters** section.

Under TEI procedures, invitations by chapters to federal governmental officials, namely the IRS and the Treasury, should be formally extended or confirmed through the Institute's Executive Director. (From a practical standpoint, however, the chapter may wish to make the initial contact regarding the speaker's availability for the specific program.) The resulting coordination is especially important since both the Institute and the Fund are to be involved.

When making arrangements with government representatives, the chapter should advise the representatives that their reasonable traveling expenses will be reimbursed by the Fund, not the Institute. Please be aware that the government representative may ask for a copy of the Fund's determination letter. Regarding U.S. congressional members and their staffs, the chapter may be asked to file a "Private Sponsor Travel Certification," estimating the cost of the travel before the meeting to be submitted to the appropriate ethics committee. (Other jurisdictions may have similar forms.) The completion of this form should be coordinated through TEI.

For administrative ease, all requests for reimbursement by the Fund should be forwarded by the chapter (not the government representative directly). The request should come with copies of receipts (including those for airfare, lodging, and ground transportation), and should clearly state the amount of reimbursement, to whom the check should be made payable, and the address of where the check should be sent.

The chapter is responsible for promptly reimbursing the Fund for the monies disbursed as reimbursement to the government representative. The chapter check should be made payable to "TEI Education Fund." To reduce the likelihood of misunderstanding, the chapter will be copied on all correspondence by the Fund with the government representative.

Financial Reporting by Chapters & Regions

Annual Financials

At the close of the chapter year, chapter treasurers and regional vice presidents shall submit an annual financial report, bank and investment statements, scholarship report, and sponsorship report in the way prescribed by the TEI Governance & Operations Team. In addition, the treasurer shall forward a copy of all tax returns or reports filed during the year to TEI.

The annual reports shall be prepared as of June 30. Regional and chapter reports may be prepared on either a cash or accrual basis if they are prepared consistently. Anticipated material expenditures should be noted in an attachment to the report, even if reports are filed on a cash basis. TEI's functional currency is the U.S. dollar, and all amounts in chapter and region reports shall be reported in U.S. dollars.

Form 1099 Reporting

Businesses (including associations such as TEI) that pay more than \$600 a year to individuals for services must file information returns (Form 1099) with the IRS. Hence, chapters that pay more than \$600 to individuals during a calendar year to handle mailings and other administrative duties, or to perform other services (such as providing entertainment at a chapter function) are subject to the requirement. The information reporting requirements are not triggered by payments to corporations. I.R.C. §§ 6041(a) & 6041A; Treas. Reg. § 1.6041-3(q)(1) (exception for payments to corporations).

Because TEI, its regions, and its chapters operated out of a single legal entity (with a single taxpayer identifying number) for tax purposes, the Institute prepares the required information reporting forms with the IRS. If a chapter or region makes payments to individuals exceeding \$600 in a calendar year, a Form W-9 (including a valid social security number) should be obtained from the affected individuals. This form and the payment information must be forwarded to TEI's Governance & Operations Team in the way prescribed by January 15 of the following year. TEI will file the required Forms 1099 and 1096 with the IRS.

Chapter Records Retention Program

The Institute has adopted the following records retention policy for the chapters:

- All official local chapters' records, except for the treasurer's or secretary's reports (as noted below), should be kept at least one year.
- Treasurer's financial records should be kept for five years.
- All secretary's records (e.g., general correspondence and membership correspondence) should be kept at least one year. Minutes of each chapter should be culled and chapter

procedures should be updated to reflect actions taken by the board. Past minutes may then be disposed of and only the previous year's minutes need be kept.

- Where educational programs are registered for continuing professional education or continuing legal education credit, the record-retention policies of the applicable state or national accrediting body must be satisfied. If a record retention period is not otherwise specified, the chapter should keep the past three years of program materials. *See* the section on **Continuing Education Credits** in this Manual for more information.
- These guidelines are not intended to change the existing TEI regulations about reports to be sent to TEI or to supersede any chapter's policy to keep records for a longer period. Chapter records may be kept in electronic format if the integrity and authenticity of the records can be established and the records can be retrieved and reproduced in agreement with applicable legal requirements.

Chapter EINs

Online banking can present issues for chapters using TEI's EIN. Online access to funds often requires the use of an EIN, thus creating the potential that two (or more) chapters using the same financial institution will have access to each other's accounts online. Because EINs may now be issued "for banking purposes only," TEI's Executive Committee has approved the following procedure:

- Chapters should generally continue to use TEI's EIN for banking and reporting purposes;
- Chapters may obtain a separate EIN when required by the bank or financial institution, subject to advance approval by TEI and only to be used for banking purposes;
- TEI will apply for the EIN in the name of the chapter, using the national organization's name and address as points of contact;
- TEI will promptly tell the chapter when the EIN is issued and will create a procedure for keeping track of the individual EINs issued to the chapters;
- Consistent with TEI's current reporting procedures, the chapter may use a local address to open bank or other account and must forward any Forms 1099 to TEI at the close of the calendar year;
- Consistent with TEI's current reporting procedures, chapters using TEI's EIN should forward the Forms 1099 to the national headquarters at the close of each calendar year; and
- TEI will annually remind the chapters of the need to forward the Forms 1099.
- Chapters wishing to use this procedure should contact TEI's Executive Director.

Sponsorship for Chapters & Regions

In planning and conducting their affairs in a manner that enhances the Institute's mission principle and purposes, TEI chapters provide education, as well as opportunities for networking, and facilitate local advocacy efforts. Chapters have discretion to pursue these activities subject to the guidance and limitations set forth in TEI's By-Laws, Chapter Regulations, and other procedures and policies adopted by the Board of Directors. Because the Board has determined that chapter activities should be self-sustaining and charges to members generally set with a goal of breaking even, chapters may occasionally solicit assistance from third parties in defraying expenses.

At the Institute level, TEI has embarked upon a broad-based sponsorship initiative in respect of its conferences to minimize the need for dues or fee increases while maintaining the quality and breadth of its educational, networking, and advocacy programs. Sponsorship of events and programs at both the Institute level and the chapter level should be coordinated to optimize the benefit to the organization and to minimize both competition between the chapters and the Institute and confusion (or ill will) among sponsors.

Accordingly, the Board of Directors has established the following policies in respect of sponsorship of chapter events and programs:

Scope

- These guidelines apply to any effort by a chapter to engage a sponsor for the payment of cash or in-kind contribution to defray expenses for or enhance participation in a chapter event or program, regardless of the amount of money or value of item(s) involved. The amounts are expressed in U.S. dollars; exchange rates for non-U.S. activities will be set as of July 1 each year.
- Although these guidelines do not restrict the chapters ability to have sponsors bear certain expenses directly (e.g., expenses related to receptions, meals, functions, facilities, or duplication of handout materials), it is the sense of the Board that this "direct pay" method should generally be used sparingly in respect of items requiring a direct outlay of funds by the sponsor. Thus, there is no limitation on a sponsor's use of its own facilities (e.g., to duplicate handouts or host a meeting or other function). In addition, a sponsoring firm whose professionals are speaking at a chapter meeting may contract directly with the hotel or other meeting venue to host (and pay for) a luncheon or reception at the end of the program. Chapters, however, may not avoid the dollar limitations set forth below by asking one or more sponsors to pay directly for a specific function (such as a reception) in respect of which the legal obligation for payment rests with the chapter. The chapters are required to report such sponsorship activity in a timely filed Chapter Sponsorship Report (discussed below).
- These guidelines do not restrict a chapter's ability to accept in-kind contributions by a company that currently employs a member of the chapter.

- These guidelines do not apply to the contribution of items that are of promotional value only, generally used in marketing by a sponsor.

Rules for Chapter & Regional Sponsorship

- **Dollar Limitation per Sponsoring Firm.** Chapters may solicit up to a maximum of \$5,000 (U.S.) in cash per year (adjusted each July 1) from any one sponsor to assist in defraying expenses or enhancing participation in one or more chapter events or programs.
- **Annual Dollar Limitation per Chapter.** Chapters may solicit the greater of \$100 (U.S.) per regular chapter member (determined as of September 30 each year) or \$10,000 (U.S.) in total cash sponsorships during the fiscal year. Solicitations for more than this amount may not be taken without the advance written approval of the Institute's Executive Committee.

To take into account circumstances that may justify a higher level of sponsorship, the Executive Committee may approve a higher annual amount of sponsorship on a chapter-by-chapter basis. Requests for deviation from these rules should be coordinated through the Executive Director. In appropriate cases (such as the presence of a significant number of government guests), chapters may request a grant from TEI Education Fund to defray their costs. Requests for such a grant should be submitted to the Executive Director.

- **Advance Notice Required in Certain Circumstances.** In seeking sponsors, chapters should be mindful of sponsorship endeavors by both the Institute and other chapters, as well as the possible desire of multiple firms to sponsor particular chapter events.

Chapters should coordinate their sponsorship efforts with TEI's Executive Director to minimize the potential negative effect of repetitive solicitations of one sponsor, to avoid potential confusion arising from multiple sponsorship requests, and to ensure compliance with applicable tax and not-for-profit solicitation rules.

- **Sponsorship Payments Must Be Linked to Particular Events or Programs.** Chapters may not solicit general sponsor contributions unrelated to particular chapter events or programs.
- **Section 6113 Notice Required.** Consistent with section 6113 of the Internal Revenue Code, chapters shall include the following notice on any invoices in respect of sponsorship contributions from U.S.-based sponsors: "Payments to Tax Executives Institute are not tax deductible as charitable contributions for federal income tax purposes. They may, however, be deductible under other provisions of the Internal Revenue Code." Further information on IRS rules concerning solicitations by non-charitable tax-exempt organizations can be found in the Manual of Organization and Operation.
- **Possible Benefits of Chapter Sponsorships.** Chapters may offer one or more of the following benefits to sponsors of a chapter event or program:

- Acknowledgement in pre-event and program registration materials;
 - Acknowledgement during the event or program;
 - Acknowledgement in the chapter's newsletter or periodic email message;
 - Opportunity to send a limited number of representatives to a social function tied to the event or program.
 - Permission to sponsor to post information about chapter meeting on the sponsor's website. (Sponsors should not be permitted, however, to use the TEI logo.)
- **Limitations on Sharing of Member Information.** Chapters shall not provide sponsors with any information regarding their individual members, though a list of program registrants (with company affiliations) may be provided (at the discretion of the chapter). Street or email addresses should not be provided.
 - **Prohibition on Chapter Advertising.** Chapters shall not sell advertising to sponsors (or other firms), and shall not provide links to sponsors on their websites. (As noted above, the sponsor may be given permission to provide information about the chapter meeting on its website, either directly or through a link to the chapter's website.)
 - **Relationship Between Sponsorship Payments and Participation in Chapter Programs.** In selecting speakers for chapter programs, the determining factor should be the high quality of the speakers and the value of the information to be conveyed. Hence, while it is not unusual for a sponsoring firm to have one or more speakers on the program, chapters should work diligently to ensure that the pursuit of sponsors is not done to the detriment of the educational aspects of the program. There should be no quid pro quo between sponsorship and speaker slots. (Chapters should consider, for example, determining who should be invited to participate as speakers before approaching the firm about becoming a sponsor.)
 - Chapters should keep in mind that multiple firms are desirous of participating in chapter programs and actively promote the diversity of firms and speakers. Without regard to whether a chapter has a sponsorship program, no firm should be afforded a "monopoly" in respect of a particular meeting or series of meetings.
 - A chapter may establish a direct link between a sponsorship payment and an invitation to the sponsor to have an exhibit at a chapter meeting.
 - **Chapter Sponsorship Report.** Chapters shall report their sponsorship activities on the separate schedule provided by TEI as well as in the chapter's financial report submitted by the treasurer at the close of the chapter year.
 - Specifically, chapters are to report both (1) the general nature of the sponsor-related activities (e.g., hosting a reception, luncheon, dinner or recreational activity such as a

golf tournament) and (2) the estimated number of members (and guests of members) attending the function and benefiting from the sponsor-related activity.

- To the extent the information is reasonably available, the chapters are asked to estimate the value of the sponsor's activities. (No estimate need be made in respect of meetings held at the sponsor's own premises or the cost of reproducing handout materials.)
 - The Chapter Sponsorship Report should be accompanied by copies of all letters and other materials relating to the solicitation of sponsorship payments.
- **IRS Reporting Requirements.** If a chapter receives a Form 1099 or other tax form in respect of any sponsorship payment, that document should be immediately forwarded to TEI's Executive Director.

Regional Sponsorships

The principles outlined in these guidelines also apply to regions, though the annual limitation on aggregate cash sponsorships in any given year is \$20,000 (U.S.). A request for a waiver from these rules (e.g., where a large number of government employees may participate in a regional conference) must be made in writing in advance and should be directed to the Institute's Executive Director, who will coordinate its review by the Executive Committee.

- **No Use of Sponsorship Payments for Regional Travel Funds.** Regions and chapters shall not solicit sponsorship payments in respect of Regional Travel Funds.
- **Annual Report by Executive Director.** Each year the Executive Director shall make a report to the Board on the extent of chapter and regional sponsorship activities, including recommendations on possible changes in these guidelines. Specifically, the report shall address whether the dollar thresholds should be adjusted (e.g., based on the size of particular chapters or the extent of their programs) and whether any limitations should be imposed in respect of expenses borne directly by sponsors. In the event a chapter fails to comply with these guidelines, the Executive Director will recommend appropriate corrective action, possibly including forfeiture of all or part of the affected chapters' proportional share of annual dues (i.e., the per-member chapter rebate) for the succeeding fiscal year.

Chapter Scholarships

At its own discretion, a chapter may establish a scholarship program to award annual scholarship grants up to \$10,000 USD (regardless of the number of recipients). The scholarship must be paid only out of chapter funds, the eligibility criteria must be in writing, and the guidelines and procedures must be approved in advance by the Institute Secretary. The Institute Board of Directors has approved certain mandatory requirements for chapter scholarship programs. In addition, as part of the Institute's Social Responsibility Plan, TEI's Board of Directors has created a "matching funds" program for chapters to encourage the expansion of the Chapter Scholarship

Program. See **Toolkit: Criteria & Process for Establishing a Chapter Scholarship Program** in this Manual for further guidance.

Requirements

- Financial responsibility for funding scholarships rests solely with the chapter.
- Eligibility criteria must be set forth by the chapters in writing. Chapter guidelines and procedures must be submitted to the Institute's Secretary for approval before the implementation of any scholarship program.
- The scholarship selection, administration, and award processes must reside with a designated educational institution, not with the chapter. Members of Tax Executives Institute, Inc. and their immediate families are ineligible to receive chapter scholarships. The grant of the scholarship shall not be conditioned upon the rendering of future employment services by the recipient.
- Scholarship information material and application forms must include a statement that scholarships will be awarded without regard to the applicant's race, color, creed, religion, sex, or national origin.
- The chapter is responsible for making sure its scholarship program complies with all federal, state, and local laws. The chapter must file all information returns (or other reporting forms) regarding the award of the scholarship. An annual report must be filed with the Institute's Secretary, outlining the amount of each scholarship, the number of applicants, the date the awards were given, the names and addresses of the recipients, the college or university the recipients attend, and the relationship (if any) the recipient may have to any TEI member. Copies of any information returns or reports filed with federal or state agencies must accompany the report.
- Candidates must attend a fully accredited college or university in an undergraduate or graduate capacity and must pursue a curriculum that emphasizes studies that could lead to a career in taxation.
- Scholarships must be limited to a term of one year and must be for a dollar amount (rather than for a course of study or time period).
- Payment of scholarship awards should be made to the college or university, not to the individual recipient(s).
- The aggregate amount of scholarships given annually by a chapter may not ordinarily exceed \$10,000 USD. If a chapter wishes to make aggregate grants of more than \$10,000, it must notify the Institute's Executive Director at least 30 days before the grant that would exceed the \$10,000. If the Executive Director and the chapter cannot resolve any issues raised by the proposed grant, the matter will be referred to the Institute's Executive Committee.

Recommendations

- The scholarship should be awarded based on academic merit.
- The minimum scholarship award should be \$1,000, but more than one scholarship may be awarded by a chapter.
- The chapter may name the scholarship, provided the scholarship is clearly associated with Tax Executives Institute, Inc.
- The scholarship program should be used to enhance relationships with academic institutions through joint award ceremonies, faculty-student dinners, or chapter meetings. Efforts should be made to publicize the scholarship in the media and in the business and academic communities.

Chapter Eligibility for Matching Funds for Scholarship Programs

As part of the Institute's Social Responsibility Plan, TEI's Board of Directors has created a "matching funds" program for chapters to encourage the expansion of the Chapter Scholarship Program.

- Chapter scholarship programs must meet TEI's guidelines for the establishment of such programs.
- Chapters whose fund balance falls below the greater of \$10,000 USD or \$100/member are eligible for matching grants from the Institute to fund their scholarship program. Member counts are determined as of September 30 each year, with the applicable fund balance being taken from the chapter's June 30 annual report for the preceding year.
- Eligible chapters may ask for the Institute to provide up to \$2,500 in matching funds to the chapter for distribution as scholarship grants.
- Applications for matching funds must be submitted by the chapter president on a form supplied by TEI's Membership Team. Chapters should submit the application to the Executive Director after the scholarships are disbursed. Exceptions to this process may be granted by the Executive Committee.
- TEI aims to disburse the funds to the chapter within 30 days.
- The Executive Director shall report to the Board of Directors on the number and amount of the matching funds provided each year.
- The Board of Directors may suspend or terminate this program effective as of the next fiscal year based on economic conditions and other factors.

Chapters with Scholarship Programs

Region 1 Calgary Montreal Toronto Vancouver	Region 2 New Jersey New York	Region 3 New England Westchester-Fairfield	Region 4 Baltimore-Washington Pittsburgh Philadelphia
Region 5 Cincinnati-Columbus Cleveland Detroit Indiana Kentucky Western Michigan	Region 6 Chicago Iowa Kansas City Minnesota Northeast Wisconsin St. Louis Wisconsin	Region 7 Central Texas Dallas Denver Ft. Worth Houston Oklahoma City Tulsa	Region 8 Atlanta Carolinas Florida Virginia
Region 9 Alaska Portland San Francisco Seattle Silicon Valley	Region 10 Arizona Los Angeles Orange County Salt Lake City San Diego	Region 11 Asia EMEA	

Chapter Charitable Donations

As part of TEI's Social Responsibility Plan, at its own discretion, a chapter may donate up to \$500 to charity. Donations must be made to non-sectarian, non-political organizations qualifying under section 501(c)(3) of the Internal Revenue Code with full-time, paid professional management. Hence, no donations may be made to religious organizations (e.g., churches or church-affiliated charities) or to organizations engaged in controversial public advocacy activities. To the extent allowed by law, equivalent organizations located outside the United States will be eligible to receive donations from TEI chapters.

In selecting charities to receive a donation, the chapter should consider (a) the extent that TEI members are involved in the charity's work, (b) circumstances such as natural disasters creating a special need for help, and (c) whether the activities of the charity directly or indirectly advance the values underlying the Institute, including education, professionalism, and improvement of the tax system.

In addition, as part of TEI's Social Responsibility Initiative, chapters may recommend charities to receive grants from the Institute. See the **Institute Cash Donations** section of this Manual for details. Without regard to the authority granted under the social responsibility limitation, chapters may make modest memorial donations for TEI members (or their families).

Conflict of Interest Policy

Chapters and regions should consider adopting a conflict of interest policy — similar to the one adopted by the Institute's Board of Directors in June 2009 — aimed at preventing self-dealing

among the chapter officers and board. The **TEI Conflict of Interest Policy** is reprinted in this Manual.

New Chapter Organization

How to Get Started

New chapters must be formally chartered by the Institute's Board of Directors. The organizers of a potential new chapter should study (a) the By-Laws, (b) Chapter Regulations, and (c) Manual of Organization and Operation. In practice, a new chapter usually is formed in a geographical area served by an existing chapter but far away from the existing chapter's usual meeting place(s). Therefore, the organizers of a new chapter should obtain a formal statement from the board(s) of directors of any existing chapter(s) from which members of the new chapter would be drawn that the affected chapters do not object to the formation of the new chapter. This statement(s), along with a list of potential members of the new chapter, should be sent to TEI. The organizers of the new chapter should coordinate their activities through the Regional Vice President for their region.

A request to establish a new chapter will be favored by the Board if the local group has been meeting regularly, albeit informally, for some time. Of specific interest to the leadership are the types of programs sponsored, the caliber of the speakers, topics covered, and the number of tax professionals attending each meeting.

Before seeking formal recognition, the local group should ideally have at least 20 potential members, either transfers from existing chapters or new candidates for membership; have real potential for expansion; and include members from more than a single industry to allay any concerns about its broad-based nature. There is, however, no specific "critical mass" required for new chapters.

TEI will work with the organizers to obtain existing chapter's permission(s), identify potential members, and helping new chapter officers and chapter committee chairs in carrying out their responsibilities. In addition, the organizers should touch base with the founders of the Institute's newer chapters to gain their insights into the "chartering" process.

Minutes of Meetings

An acting chapter secretary should keep minutes of all meetings, beginning with the one at which the new chapter's officers are selected. Minutes of a meeting should be read and approved at the following meeting. When the minutes are approved, the chapter president or presiding officer and the secretary should sign the minutes as approved. While still fresh in mind, a brief statement of events leading to the organizing of the chapter should be typed and put in the beginning of the minutes book.

First Meeting of Chapter Officers

A meeting of the first or temporary chapter officers should be held as early as possible. Each officer should have already reviewed the By-Laws, Chapter Regulations, and Manual of Organization and Operation. The agenda of the first meeting might be as follows:

- Approval of the minutes or earlier acts of the organizational committee.
- A discussion of the By-Laws and Chapter Regulations.
- The appointment of a Nominating Committee to select a slate of officers. The new chapter's chapter representative, who will serve on the Institute's Board also should be selected (the selected individual will assume office at the Institute Board's next meeting). This representative need not be a chapter officer.
- Election of the board of directors. There should be up to six directors elected for staggered terms, such as two elected for one year, two elected for two years, and two elected for three years. They are respectively known as the class of the year in which their terms end. The officers and the representative on the Institute Board are also chapter directors.
- Appointment of chairs for important chapter committees such as Membership, Programming, Federal Tax, Financial Reporting, International Tax, IRS Administrative Affairs, and State & Local Tax.
- Arrangements for the place, date, and time of regular meetings. These dates should be reported immediately to TEI.

Building Membership

A new chapter should hold its charter open for a reasonable length of time. The presentation of a charter to a new chapter should take place at a meeting marked by appropriate ceremony and with as large an attendance as possible. This meeting will help create high morale for the beginning of chapter operations and will give maximum publicity to the existence of the TEI chapter in the community, both of which will help with the continued success and development of the chapter. Responsibility for obtaining new members will be focused in the chapter's Membership Committee, so it is essential to appoint an enthusiastic, effective chair of this committee.

New Chapter Travel Stipend

New chapters of TEI may experience difficulty identifying individuals willing to serve as chapter president or as a representative to the Institute's Board of Directors in part because of the expense of traveling to TEI governance meetings. To provide support for these new chapters, TEI's Board has approved payment of an amount up to U.S. \$2,500 per meeting (up to a maximum of U.S. \$10,000 per year) for two years after a chapter is chartered. These funds may reimburse the expenses of (i) the chapter's president to attend the Institute's Annual Meeting of Members (in August), and (ii) the new chapter's representative to the TEI Board to attend in-person the Board meetings at the Annual Meeting of Members, Annual Conference, and Midyear Conference.

Section 3: Toolkits, Samples & Resources

Toolkit: Criteria & Process for Establishing a Chapter Scholarship Program

The following optional criteria may be used or adapted to fit a chapter's particular needs. Chapters must adhere, however, to the Chapter Guidelines.

Administration

- The chapter board will appoint a Scholarship Committee. This committee, including the chair and two committee members, will administer the Scholarship Program on behalf of the chapter.
- The Scholarship Chair will be responsible for filing an annual report with the chapter treasurer. The report outlines the amount of the scholarships, the number of applicants, the date the award(s) was given, the names and addresses of the recipients, and the college or university the recipients attend.
- The Scholarship Chair is responsible for filing all information returns (or other reporting forms) regarding the award of the scholarship and will coordinate this function with the chapter treasurer. (There is no federal tax reporting obligation, but in some states, there may be a reporting obligation; officials at the affected college or university should be able to advise the Scholarship Chair.)
- Consistent with the guidelines adopted by the Institute's Board of Directors, the selection process (providing application forms, reviewing eligibility requirements, selecting the scholarship recipients) will reside with the designated educational institution, not the chapter. Accordingly, the chapter will maintain a "hands-off" policy.
- The scholarship informational material and application forms will be reviewed annually by the Scholarship Chair to confirm that it is stated (in the material) that all scholarships will be awarded without regard to the applicant's race, color, creed, religion, sex, or national origin.
- The Scholarship Chair is responsible for making sure the Scholarship Program complies with all federal, state, and local laws. Questions should be referred to TEI's Membership Team.
- The Scholarship Chair will coordinate the public relations aspects of the program, including publicizing the scholarships in the media.
- The Scholarship Committee will recommend a name for the scholarship.

Accounting

- A separate "fund balance" will be maintained that earmarks the funds available for the issuance of scholarships.

Chapter Payment

- The chapter will disburse the award to the institution (or students) by March 31st.

Award Presentation

- The award will be presented either at the educational institution's awards night or a TEI chapter meeting.

Institution Selection

The Scholarship Committee shall recommend educational institutions to the chapter board for the scholarship award. The following criteria should be considered in the selection process:

- The educational institution must be a fully accredited institution, regarded as a top university in the field of accounting or taxation.
- The educational institution must be a public institution.

The Scholarship Committee's recommendations may deviate from the above-listed criteria, subject to the chapter board's approval. Significant deviations should be supported by a written explanation. If circumstances support the deviation, the board should expressly grant a waiver from the recommended selection procedures.

The initial selection will be made based on a vote at the chapter board meeting.

Eligibility

- The scholarship recipient must be enrolled in a fully accredited Master of Accountancy (with an emphasis in Taxation) or a Master's in Taxation program and have successfully completed 12 semester hours, while maintaining a "B" average.
- The educational institution's scholarship committee may consider financial need in determining the eligibility criteria.
- The selection of the award recipient must reside with the educational institution selected to receive the scholarship.
- Scholarships will be awarded without regard to the applicant's race, color, creed, religion, sex, or national origin.
- TEI members and their immediate families are ineligible to receive chapter scholarships.

Funding and Amount of Scholarship

- If the chapter is eligible for matching funds from TEI, the chapter secretary may submit the required forms. [See the **Chapter Eligibility for Matching Funds for Scholarship Programs** section of this Manual for the guidelines for receiving matching funds from the Institute.]
- Subsequent scholarships will be at least \$ [INSERT CHAPTER AMOUNT] and will be approved based on the chapter's fiscal condition.

Approval

- The chapter board of directors must approve all scholarships occurring in any fiscal year.

Toolkit: Chapter Resolution Concerning Alcohol

RESOLUTION OF TEI ____ CHAPTER

(date)

WHEREAS, the TEI ____ Chapter holds regular meetings and social events that may include the serving of alcoholic beverages in accordance with the applicable local law;

WHEREAS, it is the policy of Tax Executives Institute, Inc. that the Chapter and Chapter Officers take reasonable measures to make sure participants in these meetings and social events do not irresponsibly consume alcoholic beverages; and

WHEREAS, it is in the best interest of the Chapter to take reasonable measures to make sure participants in these meetings and social events safely reach their homes if they become ill or are otherwise impaired.

NOW, THEREFORE BE IT RESOLVED THAT:

The Board of Directors of the TEI _____ Chapter hereby agrees that the Chapter will pay the reasonable costs of transportation to his or her residence of a participant in a TEI meeting or social event who, in the judgment of a Chapter Officer, may be too ill or otherwise unable to safely provide for his or her own transportation.

Toolkit: Audit Committee Procedures

Article III, Section 2 of the Chapter Regulations provides: “The chapter board shall appoint two members of the chapter, other than the officers of the chapter and other signatories to the chapter bank accounts, to act as auditors, who shall examine the [required] annual report and express their opinions thereon, furnishing copies of such opinion to the chapter board. A copy shall be appended to the copy of the annual report filed with Institute Headquarters.” The following procedures are intended to help the chapter audit committee to discharge its responsibilities.

- Confirm that opening balances for the year conform to the closing balances on the audited financial statements for the preceding year.
- Review the treasurer’s monthly reports and the annual report, for reasonableness. (To facilitate an orderly audit, consideration should be given to reviewing the reports on an ongoing basis throughout the year.)
- Annually, at the end of the fiscal year:
 - Review the treasurer’s monthly bank account reconciliations.
 - Review and analyze cash receipts and disbursements for reasonableness.
 - Review compliance with overall budget guidelines set by Board resolution regarding major projects, such as seminars, hospitality suites, etc.
 - Verify (e.g., on a sampling or spot-check basis) documentation of expenditures.
- Reconcile current bank account balances to check book balances. (Request from the bank the current account balances and obtain a list of the last checks to clear the account.)
- Review the bank book and verify any large or unusual disbursements.
- Verify that the chapter has received Institute’s rebates for the proper number of active chapter members, paying special attention to transfers in and out of chapter.
- Submit a report to the chapter president and sign the financial statements as the reviewer in the manner prescribed by TEI’s Governance & Operations Team.

Note: A question exists about whether the audit committee might constitute “public accounting” for insurance liability purposes. To TEI’s knowledge, the only CPA society to have formally considered the issue has concluded that it does not.

Toolkit: Required Notice on Chapter Billings

Section 6113(a) of the Internal Revenue Code imposes requirements on non-charitable tax-exempt organizations — such as TEI — to make sure contributors are not misled into believing that contributions to such organizations are deductible under section 170 of the Internal Revenue Code. Information Release IR-88-31 and Notice 88-120 provide guidance on the provision including what notice must be given to members.

In IR-88-31, the IRS stated that the notice —

must be included in a conspicuous and easily recognizable format on billings of membership renewals and membership solicitations.

Scope of Required Disclosure. In Notice 88-120, 1988-2 C.B. 454, the IRS elaborated on the disclosure provisions and set forth several safe harbors on which taxpayers may rely. As to the definition of “solicitation,” the Notice states that the following situations do not require disclosure:

- Billing advertisers in an organization’s publications;
- Billing members and non-members for food and beverages at a social club;
- Billing attendees of a conference conducted by the organization (as distinct from a testimonial or fund-raising event)

It is not necessary to include the required notice on materials relating to monthly chapter meetings or regional conferences (including those that ask for payment in advance for food and beverages). The notice should, however, be provided on any membership applications the Institute or chapters distribute. In addition, the chapters should include the disclosure notice in any billings that ask for payment in advance for more than one meeting, even if the amount billed is intended to cover only meals and beverages.

A written “fundraising solicitation” will be considered to satisfy the “express statement” requirement of section 6113 if it satisfies the following requirements:

- The solicitation includes the following statement: “Payments to Tax Executives Institute are not tax deductible as charitable contributions for federal income tax purposes. They may, however, be deductible under other provisions of the Internal Revenue Code.”¹

¹ TEI’s dues statement also contains the following statement concerning the deductibility of dues under the lobbying disallowance provisions: “Because TEI has elected to pay the proxy tax under section 6033(e)(2) of the Code, no portion of the dues is nondeductible by virtue of any lobbying activities conducted by the Institute.”

- The statement is at least the same size type as the primary message.
- The statement is included on the message side of any card or tear-off section that the contributor returns with the contributions.
- The statement is either the first sentence in a paragraph or itself constitutes a paragraph.

Questions about this matter (including whether a particular mailing should carry the disclosure notice) should be directed to TEI.

Toolkit: Sample Chapter Financial Aid Policy

It is the policy of the _____ Chapter of Tax Executives Institute to provide quality education and timely updates on matters about business taxation and the practice of tax in the corporate environment. Any member of the chapter who needs financial aid to go to an educational event of the chapter or region may be eligible to receive such aid by contacting the Chapter President, who in his or her discretion may set any fee that may be appropriate for the occasion, including waiver of any fee.

In exercising his or her discretion, the Chapter President should consider the individual's personal/employment circumstances, including whether the member is unemployed (and, if so, for how long) and whether the member has received financial support for other (or regional) events.

Because of the general availability of chapter events during the year, no chapter should feel obliged to provide financial aid for regional events. If a member is not satisfied with the Chapter President's disposition of a request, the member may petition the Chapter's Board of Directors for reconsideration.

Toolkit: Chapter Officer Checklist

Chapter President

- Committee Appointments. By May 31, the incoming chapter president should give TEI the names of the chapter's elected officers and committee chairs.
- Chapter Activities Summary. By June 1, the outgoing president should prepare a summary of the chapter's activities. The summary, which **will be distributed to all incoming presidents**, should cover technical topics discussed at chapter meetings, special educational programs, IRS and state liaison activities, membership expansion efforts, and other items of interest. **This summary should be sent to TEI.**
- Annual Report. The outgoing chapter president should make an annual report to the chapter summarizing the chapter's financial activities for the past year; a copy is to be filed with TEI by July 31. Chapter Regulations, Article II, Section 4. (The report, which should include a summary of the chapter's financial condition, must be confirmed by the chapter board and audited by two members of the chapter who are not members of the chapter board. Chapter Regulations, Article III, Section 2.)

Chapter Secretary

- Information Concerning Chapter Meetings. Shortly thereafter, the incoming chapter secretary should make sure the chapter's meetings and events schedule for the year are posted on the chapter's website.
- Chapter Minutes. The chapter secretary should **file a copy of the minutes of each chapter's Board of Directors meeting with TEI**. Chapter Regulations, Article II, Section 1.
- Membership-Related Reports. The chapter secretary should inform TEI of the following:
 - Changes in any member's title, place of employment, etc.
 - Resignation from membership.
- Other Reports. The chapter secretary should promptly advise TEI of any changes in the chapter's officers and committees.
- Chapter Records Retention Program. The chapter secretary should make sure the chapter keeps its records in accordance with the following schedule:
 - Chapter financial reports: Five years.
 - Other official chapter records: One year.

- General correspondence, including correspondence about membership and membership applications: minimum of one year.
 - Minutes: One year.
 - For educational programs registered for CPE or CLE credit, meet the requirements prescribed by the applicable state or national accrediting body or bodies. [Note: Chapters must register the programs with the applicable state or national accrediting body or bodies. Under rules prescribed by the National Association of State Boards of Accountancy (NASBA), chapters may not piggyback off the Institute's NASBA registration. Please consult the specific state or national accrediting body's rules.]
- Election of Chapter Officers and Chapter Representative. By November 30, the chapter should tell its members that the nominating process for chapter officers and the chapter representative is underway. Chapters should appoint their Nominating Committee by November 30. By January 31, the chapter secretary should give the Institute Secretary a copy of the chapter's Nominating Committee Report, setting forth the names of the individuals nominated to serve as chapter officers and (every two years) chapter representative. The chapter officers and chapter representative will be elected at the chapter's annual meeting. The chapter officers will take office as of July 1 and the chapter representative will take office at the end of the next succeeding Annual Meeting of Members of the Institute (which is generally held in August). [Note: If a person is nominated by petition to fill an office under Article V, Section 3 of the Chapter Regulations, the chapter secretary shall tell TEI within seven days of the nomination (by April 7).]

Chapter Treasurer

- Chapter Financial Report, including Sponsorships and Scholarships. By July 31 following the June 30 close of the fiscal year, the chapter treasurer should file final sponsorship, scholarship, and financial reports in the way requested by TEI. In addition, the treasurer shall forward a copy of all tax returns or reports filed during the year to TEI.
- Chapter Expenditures Greater Than \$10,000. At least 30 days in advance, the chapter treasurer should inform the Institute's Executive Director of proposed expenditures for a particular activity or program over \$10,000.
- Contracts of \$5,000 or Greater. The chapter treasurer should arrange for the review of any contracts of \$5,000 or more by the Institute's Chief Tax Counsel.
- Scholarship Aggregate Greater Than \$10,000. The chapter treasurer should seek the Executive Director's approval if the chapter's scholarships exceed \$10,000 in any year.
- Form 1099 Information Reporting. By January 15 of each year, the chapter treasurer should provide a report to TEI listing the names, social security numbers (or EINs), and amounts paid to all individuals (including partnerships or trusts) to whom the chapter paid over \$600 as

compensation for services during the preceding calendar year. A Form W-9 obtained from each service provider should also be forwarded.

Toolkit: Procedures for Annual Chapter Meetings

At the chapter's Annual Meeting of Members, the outgoing president of the chapter should proceed, as follows:

- Call the Annual Meeting of the Chapter to order.
- Request a motion (and second) that the reading of the notice of the annual meeting be dispensed with.
- Announce that the purpose of the meeting is to elect the officers for the upcoming year.
- Announce that proxies have been received. Ask if anyone wishes to vote in person. (Presumably, no one will.)
- Announce that the proxies have been voted to elect the following chapter officers and board members (and chapter representative, if applicable): [read names]
- Distribute most recent financial report for the chapter.
- Ask if anyone has any business to bring before the membership.
- Make any personal remarks about the past year.
- Congratulate the new officers, let the incoming chapter president make any personal remarks, and ask for a motion (and second) to adjourn the meeting.

Toolkit: Meeting Planning Guidelines for Regions & Chapters

Site Inspection

- Review the entire program of events with the hotel salesperson and confirm that the hotel can physically host each function as you are planning.
- Remember to include space (usually a foyer or “pre-function” area) for continental breakfasts (if appropriate) and refreshment breaks.
- Walk around the entire property with an eye toward condition and upkeep and ask about any planned renovations that could affect your program.
- Check the traffic pattern between the assigned meeting rooms: will it be easy for the group to move back and forth between events?
- Search out unusual locations in the hotel for social events, e.g., poolside, outdoor area, oddly-shaped room, restaurant, etc.
- Check ceiling heights in meeting rooms you are considering: will a low ceiling become too claustrophobic as the day wears on?
- Check for chandeliers, pillars, or other obstructions that may prevent the audience from properly seeing the speaker or any audiovisuals.
- If a portable airwall separates your meeting room from another, check the quality of the soundproofing by asking for the hotel to set up a microphone in the other room, or visit while other meetings are in session.
- Visit each type of sleeping room and suite in the hotel your group will be using.
- If attendees will be driving to the meeting site, check parking capacity and charges.

Meeting Room Setups

- TEI recommends having hotels set a meeting room in “schoolroom” style or “crescent rounds.” Schoolroom style provides each registrant a hard writing surface for note taking or their laptop. “Crescent rounds” of six or seven seats. This means that three to four chairs at each table, facing away from the speaker, are removed. This encourages conversation at tables.
- When using a schoolroom set, specify that it is to be set for two people per 6’ table (or three people per 8’). Hotels will often set three people per 6’ table and that is uncomfortably tight. If you plan to set the room at two per 6’ (or three per 8’), remember that when reviewing room

capacity charts drawn up by the hotel, you must reduce the maximum seating by 1/3 (or 1/4) to determine if the room is adequate for the group's needs.

- A head table should always be placed on a riser if the audience numbers more than 75 people theater style, or 50 people schoolroom style if ceiling height allows.

Meal Functions

- A 72" round table comfortably seats 10 people. A 60" round table comfortably seats 8 people.
- Serving meals buffet style may be expensive and takes longer at the outset of the meal than serving plated meals. Plated meals should be used where there is a speaker during the meal. Allow time for meal service before the speaker begins their presentation.
- Attendance guarantees for meals should not be required more than three business days (72 hours) before the function.
- Determine the percentage over and above the guarantee for which the hotel will serve. This is usually 3-5 percent. Factor that percentage in when computing the guarantee.
- Confirm that the hotel will be ready to accommodate dietary restrictions at group meals.
- When planning a continental breakfast for more than about a dozen people, it is almost always less expensive to order beverages by the gallon and pastries by the dozen, than to order "per person."
- Specify that soft drinks at refreshment breaks are to be inventoried and charged based on consumption, and there should be no charge for unopened sodas.

Beverage Functions

- The least expensive way to purchase liquor for a reception in a hotel is by the bottle. For functions with fewer than 100 people, however, it is generally more economical to purchase by the drink. Under no circumstances should you pay by the hour.
- When paying by the bottle, specify to the catering manager that no bottles are to be opened until a guest orders a particular liquor. Once a bottle is opened, you have bought it.
- Before the function, check the bars to be sure that only those brands you have specified are on the bar. A hotel will sometimes add cordials or other expensive liquors to the bar.
- For budgeting purposes, it is wise to plan for two cocktails per person, per hour.
- Specify to the catering manager that drinks are to be 1 oz. or 1-1/4 oz., and that a jigger should be used. This not only helps to adhere to the budget but reduces the dispensing of unwise amounts of alcohol.

- The bartenders' gratuity is included in the price of each drink. Therefore, there should be no cup on the bar to collect more gratuities.
- Control the length of the function. Specify to bartenders in advance what time to close the bars.
- Do not announce "last call" or serve alcohol without food. Always have plenty of non-alcoholic beverages available.

Checklist for Meeting Contracts

The following items should be included in every hotel contract:

- The dates of the sleeping room block and the number of rooms being held each night.
- The group rates, and how they compare to the regular rates being charged to other guests over the same dates.
- There should be no charge for meeting space when using a commensurate block of sleeping rooms. Review the "attrition" clause carefully, so you are aware of the financial obligations involved, should the sleeping room block not be filled.
- Meeting room assignments for major functions should be confirmed in the contract and cannot be adjusted except by mutual agreement of the hotel and the group contact.
- The cutoff date for reservations should be two to three weeks before the first night's sleeping room block, depending on the type of property. The less likely it is for a hotel to get "walk-in" business (i.e., an isolated resort), the farther out the cutoff date will be.
- Request that reservations may be canceled up to 6:00 p.m. on the day before arrival without penalty.
- Ask for the group rate to be honored to individuals who can secure a reservation after the cutoff date.
- Ask for the group to be granted one complimentary sleeping room for every 50 rooms occupied, calculated on a cumulative basis and divided by 50. It is especially important for smaller meetings that the calculation be made on a cumulative rather than a nightly basis. One per 50 is the industry standard, but sometimes a more favorable ratio can be negotiated.
- If it is desirable to book a suite for the meeting chair or other dignitary, the suite should be provided on a complimentary basis over and above the one per 50 complimentary allotment. An alternative to this would be for the hotel to provide the suite at the group rate. The type of suite to be used should be specified.

- The hotel and TEI each agree to carry adequate liability and other insurance protecting themselves against any claims arising from any activities conducted in the hotel during the meeting. TEI has this coverage for chapter and regional meetings. TEI should not agree to name the hotel as an “additional named insured” on the Institute’s liability policy.
- The hotel should be responsible for making sure the physical plant of the hotel complies with the Americans with Disabilities Act requirements.
- The hotel should confirm that its employees are trained in responsible liquor service policies.
- An Act of God or Force Majeure clause releasing each party of its obligations in the event of circumstances beyond its control should be included.
- An indemnification clause similar to the following example should be included in the contract.
 - “The Hotel shall indemnify, defend, and hold harmless the Group and its officers, directors, partners, agents, members, and employees from and against all demands, claims, and damages to persons or property, losses and liabilities, including reasonable attorneys’ fees (collectively “Claims”) arising out of or caused by the Hotel’s negligence in connection with the provision of services or of the Hotel facilities. The Hotel shall not have waived or be deemed to have waived, due to this paragraph, any defenses it may have regarding such claims.”
 - “The Group shall indemnify, defend, and hold harmless the Hotel and its officers, directors, partners, agents, members, and employees from and against all demands, claims, and damages to persons or property, losses and liabilities, including reasonable attorneys’ fees (collectively “Claims”) arising out of or caused by the Group’s negligence in connection with the provision of services or of the Hotel facilities. The Group shall not have waived or be deemed to have waived, due to this paragraph, any defenses that it may have regarding such claims.”
- Should the meeting be canceled, the maximum penalty to be assessed will be the group room rate multiplied by the number of rooms blocked on the peak night, minus the number of rooms resold by the hotel.

Meeting Cancellation Insurance

- TEI chapters and regions may buy meeting cancellation insurance for their meetings. Contact the Institute’s Meetings staff at TEI with the date and location of the event, the estimated number of attendees, and the estimated revenues.

Working with Speakers

- Speakers should receive a formal invitation from the program chair. This invitation should clearly state the date, location, and time of the presentation, as well as confirm the session

topic name. Many speakers are also interested in the projected number of attendees. If the speaker will be part of a panel discussion, the names and affiliations of the other panelists should be listed. The invitation should also include relevant information regarding handout materials, including length, deadline for submission, and to whom it should be sent. A short form for the speaker to check off audio/visual requirements should be included, as well as a request for a short biography for introduction purposes. If the speaker requires hotel accommodations, the invitation should state who is responsible for making reservations. The chapter's reimbursement policies should be clearly stated, including the name and address for submitting the reimbursement request.

- TEI's policy regarding the distribution of handout materials to speakers is that private practitioners receive the complete package of handout materials; government speakers receive only the handout material for the session at which they are speaking. Each chapter or region may make its own policy; however, this should be determined in advance to avoid confusion or potential embarrassment on-site.
- While chapters may set their own policy on what, if any, attendee information (e.g., name and company) is given to speakers, email, phone, and address information may not be provided. As a general matter, it is courteous to let speakers know "who's in the room." At the Institute level, speakers are given an attendance list and are cautioned to use the information judiciously.
- After the program, speakers should receive a "thank you" email from the program chair.

Materials for Registrants

- Before printing the final on-site program outline, check with the hotel one last time to be sure your meeting room assignments are correct.
- A list of attendees and speakers should be given to attendees. The list should include each individual's company affiliation, title, address, telephone number, and email.
- Prepare an evaluation form for the program. This will help your successor to plan future programs. It is also generally required for obtaining CPE credit.

TEI Exemption Letters

Internal Revenue Service

Department of the Treasury

District
Director

Baltimore District

Person to Contact:

EP/EO Tax Examiner

Ms. V. Honaka

Telephone Number:

(301) 962-6058

Refer Reply to:

EP/EO:TPA

Room 1618

Date: *September 20, 1989*

▷ *Tax Executives Institute, Inc.*
1001 Pennsylvania Ave. N.W.
Suite 320
Washington, D.C. 20004


Dear Sir/Madam:

This is in response to your inquiry dated *September 13, 1989* requesting verification of your tax-exempt status.

Our records show that your organization was granted exemption from Federal Income Tax under section 501(c)(6) of the Internal Revenue Code effective *June 30, 1955*.

Because this letter could help resolve any questions about your exempt status, it should be kept in your permanent records.

Sincerely yours,



Phil Brand
District Director

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

TEI Education Fund
1300 N. 17th Street, Suite 1300
Arlington, VA 22209

Person to Contact: **Steve Jankowitz**
Telephone Number: **(202) 566-4754**

Refer Reply to:
E:EO:R:4

Date:
NOV 18 1987

Employer Identification Number: 54-1402262
Key District: Baltimore
Accounting Period Ending: June 30
Foundation Status Classification: 509(a)(1) & 170(b)(1)(A)(ii)

Dear Applicant:

Based on information supplied and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

We have further determined that you are not a private foundation within the meaning of Code section 509(a), because you are an organization described in the sections of the Code shown above.

If your sources of support, or your purposes, character, or method of operation change, please let your key district know so that office can consider the effect of the change on your exempt status and foundation status. Also, you should inform your key District Director of all changes in your name or address.

Unless specifically excepted, beginning January 1, 1984, you must pay taxes under the Federal Insurance Contributions Act (social security taxes) for each employee who is paid \$100 or more in a calendar year. You are not required to pay tax under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other federal excise taxes. If you have questions about excise, employment, or other federal taxes, contact your key District Director.

Donors may deduct contributions to you as provided in Code section 170. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522.

TEI Education Fund

You are required to file Form 990, Return of Organization Exempt from Income Tax, only if your gross receipts each year are normally more than \$25,000. If your gross receipts are not normally more than \$25,000 we ask that you establish that you are not required to file Form 990 by completing Part I of that Form for your first tax year. Thereafter, you will not be required to file a return until your gross receipts normally exceed the \$25,000 minimum. For guidance in determining if your gross receipts are "normally" not more than the \$25,000 limit, see the instructions for the Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. There is a penalty of \$10 a day, up to a maximum of \$5,000, when a return is filed late, unless you establish, as required by section 6652(d)(1), that the failure to file timely was due to reasonable cause.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under Code section 511. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513.

Please show your employer identification number on all returns you file and in all correspondence with the Internal Revenue Service.

We are informing your key District Director of this ruling. Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter. For other matters, including questions concerning reporting requirements, please contact your key District Director.

Sincerely yours,



Milton Cerny
Chief, Exempt Organizations
Rulings Branch

Restated Articles of Incorporation

Under Section 805 of the “Not-For-Profit Corporation Law” (L. 1939, Ch. 1066)

- A. The name of the Corporation is Tax Executives Institute, Inc. (“Institute”).
- B. The Corporation is a corporation as defined in section 102(a)(5) of the Not-for-Profit Corporation Law.
- C. The certificate of incorporation of the Institute was filed by the Department of State on October 30, 1944, and a restated certificate of incorporation was filed with the Secretary on October 27, 1972, December 15, 1986, and December 7, 1989.
- D. The certificate of incorporation is amended to effect the following amendment:

To specify the post office address of the Institute, to which process served on the Secretary of State as agent of the Corporation shall be mailed by the Secretary of State, to 1200 G Street N.W., Suite 300, Washington, D.C. 20005-3814.

- E. The amendment is made in item (7) below and the text of the certificate of incorporation as amended is hereby restated in full, as follows:
 - 1. The name of the Corporation is TAX EXECUTIVES INSTITUTE, INC. (“Institute”).
 - 2. The Institute is a corporation as defined in section 102(a)(5) of the Not-for-Profit Corporation Law. The Institute is not formed for pecuniary profit or financial gain. The Institute is a Type A Corporation.
 - 3. The purposes of the Institute shall be:
 - a. c
 - 4. The Institute shall conduct its activities, including meetings of the members, the Board of Directors, and the committees thereof, within the several states of the United States, in Canada, and in such other countries as the Board of Directors may determine.
 - 5. The principal office of the Institute within the state of New York is located in New York County.
 - 6. The number of directors of the Institute shall be as fixed by the By-Laws.
 - 7. The post office address to which the Secretary of State shall mail a copy of any process is, as follows:

TAX EXECUTIVES INSTITUTE, INC.
1200 G Street N.W., Suite 300

Washington, D.C. 20005-3814

8. The Secretary of State shall be the agent of the Institute upon whom process against it may be served.

- F. The amendment to the articles of incorporation was authorized by resolution approved by the membership at the Annual Meeting of Members on August 10, 2004, and the restatement of the certificate of incorporation set forth herein was authorized by resolution of the Board of Directors and adopted August 10, 2004.



1200 G Street, N.W., Suite 300
Washington, D.C. 20005-3814
(P) 202.638.5601 | (F) 202.638.5607