



Section Modernization Plan FAQs

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Why is AACE implementing the Section Modernization Plan?

This transformation comes out of more than a year of member and industry research – the goal is to better support sections and our amazing volunteers. We know that a decades old section model, and only one way of doing things, no longer serves today’s volunteer and the many diverse sections we have.

What’s in it for me, the section volunteer?

The AACE Board of Directors has committed to investing new resources to support sections. Headquarters (HQ) is implementing many centralized new support services in areas where section leaders told us they spend the most administrative time and money. These services will include:

- Technology
 - Website hosting
 - Email / online community hosting
 - Webinar hosting
 - Event registration platform
 - New CRM software for better data management by section (member/non-member status, contact info, event registration history, certifications held, etc.)
 - Centralized speaker directory
 - An online section leader community where volunteers can ask for, and get, support from other section leaders
 - A content and resources library that section volunteers can access with things like an updated handbook, forms, templates, and effective practices
- Human Resources
 - Dedicated staff for volunteer support
 - HQ created a brand new position in 2022 with the explicit responsibility of being our section support staff. We’re delighted and fortunate to have hired Mary Kathryn Jackson, Manager, Member Engagement for this role.
 - Dedicated staff for event support
 - Marketing and communications support
 - Membership engagement and growth
 - Volunteer leadership skill training and improved onboarding and orientation

What are the new section model categories?

Sections will choose to be either incorporated (“Traditional”) or unincorporated (“Section Lite”).

What does an incorporated (or “Traditional”) section mean?

We’re also referring to the incorporated section as the “Traditional” model. Generally, sections will function as they do today, but will take the extra step to incorporate per local laws. The primary benefit of being an incorporated section going forward is the protection of individual officers, directors, and

members from personal liability when conducting activities on behalf of the section. The current structure offers limited protection. [Read more here.](#)

Sections will operate as independent incorporations affiliated with AACE International and will sign a new affiliation agreement with AACE that outlines both parties' roles and responsibilities. Incorporated sections will keep and maintain their own bank accounts. They can and should still have revenue streams independent from HQ (event registration fees, sponsorships, donations, etc.). None of that revenue will be shared with HQ.

U.S. sections: Independently incorporate as a nonprofit corporation (separate from tax exempt status). In addition to the centralized services previously noted, HQ will newly provide incorporated sections with an option for group insurance coverage. U.S. sections will be required to submit annual tax filings to the IRS, as they currently do, and may remain under AACE's IRS group exemption.

Non-U.S. sections: Independently incorporate according to their respective country's local laws.

Why would a section want to incorporate?

The local presence of a well-run AACE section helps advance the mission of the association and the profession. It also allows sections the choice to keep operating how they always have and remain independent, but affiliated with AACE International. As noted, the revised incorporated section also allows additional legal protections for our volunteers that currently do not exist.

What is involved in incorporating?

In the U.S., an incorporated section must file with the state of incorporation. Check with your state's Secretary of State's office (the Corporations division). You can also simply Google: "[State] file Articles of Incorporation for a nonprofit organization." After incorporation, there is an annual reporting requirement in order to remain in good standing with the state of incorporation.

For countries outside the U.S., the processes vary.

What does an unincorporated (or "Section Lite") section mean?

Unincorporated sections, or the "Section Lite" model, will no longer be independent, legal entities. Instead, these sections will be informal groups of AACE members that will follow an updated policy in the [AACE Organization Manual](#). These sections will most likely be smaller in size with a thinner volunteer pool and irregular or low/no cost program activities. Ideal candidates for the Section Lite model also include emerging sections trying to gauge local interest in a new network. There will be minimal annual reporting requirements to HQ (i.e., no more SMS) under the Section Lite model. Volunteers need to be identified to HQ and plan at least three professional development program and/or networking events per year (virtually or in person), either individually or jointly with another section. HQ's new centralized support services will assist volunteer leaders in executing these events. Please see the [events Q&A](#) for more details.

There are fundamental ways the Section Lite model differs from the current model. First, there will be no annual elections or Boards of Directors, instead these sections will enlist volunteer leadership committees. Second, Section Lite sections will not have bank accounts or be required to file annual 990s (U.S. sections). For any existing sections who choose to become Section Lite, they will work with HQ to close their bank accounts and either draw down the balance and/or send the remainder back to HQ. If a section chooses to spend the balance, they will work with HQ to determine what activities are allowable under our tax-exempt status.

Who decides which type of section they will become?

The section's Board of Directors decides. HQ and your Regional Director (RD) are available to answer any questions and help guide you.

How do we choose?

HQ and RDs are here to help. Incorporated sections will most likely be well established sections with a robust volunteer base and regular events. They may already have significant bank account resources, revenue streams, and programs.

Unincorporated sections will most likely be smaller sections with a thinner volunteer pool and irregular or low/no cost program activities. Their main desire for existing would be for informal, local networking and education. They may also be inactive sections who have a desire to rebuild and reengage members in their local area.

When do we have to decide?

Sections should work toward deciding by June 2023. If more time is needed, that's okay. We know many sections install new Boards of Directors in June and new Officers may want to be a part of the decision.

If we decide to become Section Lite, can we incorporate at a later date?

Yes. An existing section that may have little activity or volunteer interest may want to use this as an opportunity to rebuild. If and when there's enough momentum to grow, HQ can guide you through the incorporation process.

Will sections still receive annual member dues if they meet the Section Minimum Standards?

No, HQ will no longer be issuing annual member dues payments to Traditional or Section Lite sections. There will also no longer be a Section Minimum Standard reporting requirement. HQ worked with a

member focus group, the Membership Advisory Committee (MAC), an independent, external consultant, and the Board of Directors to explore more effective ways to use those same dollars, plus more. The current system of an annual dues allocation is problematic for a number of reasons. Most salient is that annual member dues are allocated based on joining AACE, not joining a specific section, and therefore, the current process is disconnected from the actual value delivered by the section. Directing membership dollars to technology and human resources, as well as specific activity costs for all sections, should yield higher satisfaction for section leaders. The goal is to encourage innovation and spur activity while supporting sections with more intentional financial investments.

Further, our research revealed that finances were not the chief challenge for section leaders. Higher on the list of needs were volunteer development; access to technology to streamline and create effective processes; upgrading web presence; and having assistance in marketing and communications. Therefore, AACE is investing in centralized support services, as outlined above, to better support all sections.

Additionally, a grant program where sections can easily apply for funds to be used toward their existing or new programs, events, and project-based activities will be created. This approach has been used effectively by many associations which offer some version of “grants” as ways of sharing membership dollars.

What does the new grant program look like?

This is under development in 2023. The intent will be to provide access to funds from HQ for specific programs or activities (e.g., scholarships, events). It will be used primarily for incorporated sections since they will presumably already have regular events and programs, as well as bank accounts. Support for Section Lite sections will be non-financial. However, we’re exploring a possible grant opportunity for these sections to submit proposals for new or emerging programs that would need seed funding AACE could provide.

All applications submitted to AACE for approval would need to outline program or activity scope, member need, and funding amount.

What happens to our bank account?

For incorporated sections, nothing changes. For unincorporated sections, they will work with HQ to close their bank accounts and either draw down the balance and/or send the remainder back to HQ. If a section chooses to spend the balance, they will work with HQ to determine what activities are allowable under our tax exempt status. Sections will need to draw down the balance and close their accounts before December 31, 2023.

How will section events be managed?

HQ will provide event support to all sections (i.e., Traditional or Section Lite). New section event procedures will be outlined in an updated section policy in the [AACE Organization Manual](#). The level of support will vary based on the type of event (virtual or in-person) and the degree to which the section wants HQ support. For example, HQ can help with:

- Centralized registration
- Virtual hosting platform
- Centralized speaker directory
- Promotion
- General advisement and logistics support

Note that Traditional sections have the option of producing their fee-based events independent of AACE, per the new affiliation agreement. If significant support is needed or wanted from HQ for event management, a separate agreement can be established between an individual section and HQ that outlines the arrangement.

Since sections who want to become Section Lite will no longer have bank accounts, they're encouraged to hold free events or small events where attendees pay their own way. If there's a desire to hold a larger event, the volunteer leaders can work with HQ to determine level of support needed and/or apply for grant funding.

What will happen to the section awards?

We know how much hard work and dedication goes into volunteering at the section level. HQ and the MAC will be evaluating the current section scorecard process and finding ways to create a new, enhanced recognition program that showcases the power of AACE members at the local level. The goal is to establish more meaningful success metrics and tie these to an updated recognition program.