

SOCIETY POLICY

GUIDE FOR FORMATION OF INSTITUTES

I. PREFACE

- A. Article C2.1.1 of the ASME Constitution lists among the purposes of the Society the following:
 - 1. "Promote the exchange of information among engineers and others", and
 - 2. "Broaden the usefulness of the engineering profession in cooperation with other engineering and technical societies."

II. PURPOSE

- A. To provide a definition and description of types of institutes.
- B. To provide a guide for the formation of an institute.
- C. To provide for oversight and evaluation.

III. DEFINITIONS AND DESCRIPTIONS

- A. The term "Institute" has been added to ASME nomenclature to provide additional flexibility by permitting new organizational arrangements which do not fit within the previously existing ASME structure.
- B. Institutes must have operational goals consistent with ASME's goals and may possess all or some of the following attributes:
 - 1. Strong potential for prospering in ASME.
 - 2. Provision for a systematic, purposeful, managed, innovative, forward-thinking operation plan.
 - 3. A self-sufficient activity having its own staff and revenue sources.
 - 4. Legal separation, where necessary, through formation of a 501(c)(3) subsidiary corporation.
- C. Forms of Institutes
 - 1. An Institute whose activities primarily require an outside relationship, a 501(c)(3) subsidiary corporation.

2. An Institute that is formed from an existing outside organization whose activities fit those of ASME.
3. An Institute formed within the ASME structure whose activities would require an outside relationship.
4. An Institute that develops from inside the present Society structure.

D. Criteria for Becoming an Institute

The criteria for becoming an Institute are established by the Institutes Board under the direction of the Board of Governors. The criteria are as follows:

1. The business must generate a surplus, net of all business and operational costs, including reimbursement of ASME administrative costs.
2. The annual gross revenue of the business must exceed \$1 Million.
3. Must have an established governance board.
4. Must have a charter approved by the Institutes Board and the ASME Board of Governors.
5. Must have a vision and mission statement consistent with ASME and the Institute's focused, sustainable business activities.
6. The dedicated staff and volunteers of the Institute will direct all of its activities, technical and administrative, in accordance with ASME operating procedures.

- E. Fledgling Institute operations may be approved by the Institutes Board and authorized to operate under an Incubator function until the time the specific operations can meet the aforementioned criteria.

IV. PROCEDURE

The Board of Governors, upon recommendation from the Institutes Board, may consider and approve the establishment of an Institute. Proposals for establishment of an Institute require the following:

- A. Statement of purpose.
- B. Description of the governance, membership, degree of autonomy, and relationship to existing ASME structure.
- C. Statement of applicable attributes of Institutes as listed in III.B, and III.D.
- D. Statement of how the proposed activities will provide revenue sources to fund operation of the Institute and how these activities will be consistent with ASME's tax exempt status.

- E. Statement of the magnitude or nature of the proposed activities which greatly exceed or are not well served by present ASME structure.
- F. Provision for submittal of the following documents to the Institutes Board of Directors and ASME Board of Governors for review and assessment:
 - 1. Annual activities reports
 - 2. Budgets, business plan, and operations plan
 - 3. Financial reports
 - 4. Minutes of meetings of the governing board or other body.
- G. Sunset provisions. Should the Institute become unsustainable the Institute will report this fact to the Board on Institutes for recommendations to the Board of Governors.

Responsibility: Institutes Board
Reassigned from Committee on Organization and Rules 6/12/05

Adopted: June 15, 1988

Reaffirmed: August 5, 1994

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