

## **TREASURER**

SPE sections are legal units of SPE, and as such, are tied to the SPE governing structure. The overall goal of the society is the dissemination of technical information rather than the generation of surplus funds. Section programs should be self-sufficient and budgeted to break even.

### **PURPOSE**

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The section treasurer is the chief financial officer of the section. The duties of the treasurer are to collect and disburse section funds as directed by the section's executive committee or board.

The treasurer is responsible for providing SPE with an annual section financial statement. Due to required financial reporting, this report must be submitted to the SPE sections manager by 1 June of each year. A sample annual financial statement is provided in this manual.

As an officer of the section, you should attend all section board meetings to give monthly financial reports and make recommendations on the management of your section's cash and reserves.

### **RESPONSIBILITIES**

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As the treasurer, you should maintain all accounting records for the section, including deposits and payments, and provide detailed financial reports to the section on a monthly basis. More frequent reporting should be considered whenever there has been significant income or expenditures, or as requested by the section chairperson.

The section should establish its own checking account at a convenient local bank and process all income and expenditures through this account for record keeping and control purposes. You should reconcile the bank account to the monthly financial statement and provide a copy of the statement to the section chairperson. Provide additional reports as you or the section chairperson deem necessary or desirable.

### **ANNUAL BUDGET**

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Each section should prepare an annual operating budget when new officers assume their positions. The budget serves as a planning device, identifying long- and short-term goals. The budget will help identify basic financial requirements and revenue sources. Financial statements should be compared to the budget to determine if the section is meeting its financial goals.

### ***Reserve Funds***

Sections do not normally require large reserve accounts due to the lack of ongoing fixed costs. However, surplus funds may be generated during the course of business. It is not the purpose of the section to accumulate reserve funds but rather to use these funds to provide programs for its members. Surplus funds may be placed in an interest-bearing reserve account and allowed to grow to a level of two times the annual operating budget for necessary section services. The operating budget is considered to include only ongoing professional activities—exclusive of such programs as golf tournaments and social events.

Any additional funds in excess of these reserves, regardless of the source, should be invested in additional professional enrichment programs or in SPE initiatives such as developing global SPE services, consistent with the One SPE strategy.

Each section should consider forming an Investment Advisory Committee to assist in monitoring any investment of funds. The committee should be selected so that continuity is maintained. Many sections use past section chairpersons in this capacity.

### ***Annual Audit of Financial Records***

Sections should perform an annual audit of financial records. This audit would normally take place before the treasurer assumes office. For most sections, an informal audit, conducted by designated members of the section, will be appropriate. Larger sections may choose to engage the services of an accountant to conduct a formal audit. The audit provides protection of section officers and helps to ensure an orderly transfer of financial records.

### ***Checking Accounts***

Checking accounts should be established in the official section name. Sections should require two signatures on all financial instruments, usually the section chairperson and section treasurer. As an alternative, section members and officers who have access to money accounts should be bonded, if applicable in that country or jurisdiction. Sections should maintain financial records for at least 3 years.

### ***Section Rebates***

The section rebate program is designed to provide funds for ongoing section operations such as the publication and distribution of section newsletters and promoting section membership development and retention programs. Rebates are provided to sections on SPE dues, new-member entrance fees, and section affiliate-member fees. Rebate funds are by the section's preference of a check

or wire transfer, or are held on account at SPE, no later than 31 March of each year. Rebates are paid only to sections that are operating by 1 January.

- *Dues Rebate:* Sections receive USD 1 for each member of the section (excluding students) who has paid dues in full by 31 December. The minimum rebate is USD 300; there is no maximum.
- *Entrance Fee Rebate:* Each new SPE member pays an entrance fee based on the current dues structure. Sections with fewer than 75 members on 31 December receive 100% of paid entrance fees. Sections with 75 or more members receive 50% of the paid entrance fees.
- *Section Affiliate Rebates:* Sections receive USD 1 for each paid affiliate member as of 31 December. There is no maximum.

### ***Annual Financial Statement***

- Enter the beginning cash and investment balance at 1 April.
- Determine the annual activity in each category by using the query command or sorting by code for 12 months (1-Apr-YY to 31-Mar-YY).
- Enter a total for each code on the appropriate revenue or expense line.
- Enter the US dollar equivalent exchange rate on 31-Mar-YY in Section E. If the section's functional currency is USD, enter 1.
- Confirm that the template converted the balances to USD.
- Review and sign the annual financial report.
- Return the report to the SPE Americas Office by 1 June.

## **CHARITABLE CONTRIBUTIONS**

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The written acknowledgment required to substantiate a received or given charitable contribution of USD 250 or more must contain the following information:

- Name of the organization;
- Amount of cash contribution;
- Description (but not value) of non-cash contribution;
- Statement that no goods or services were provided by the organization, if that is the case; and
- Description and good faith estimate of the value of goods or services, if any, that organization provided in return for the contribution.

There are no procedures on selecting an organization for a charitable contribution. It is left to the discretion of the section. The officers of the sections should agree on the charitable organization(s) and the amounts to provide.

## **US TAX EXEMPTION**

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The Society of Petroleum Engineers Inc. is exempt from most US federal income tax as a 501(c)(3) organization. No section in the US should apply for federal income tax exemption. If your section is requested to do so by the US Internal Revenue Service, contact the SPE sections manager immediately.

SPE's US federal tax identification number is 75-2001539. This number is to be used whenever a section is called upon to furnish a taxpayer identification number. If the SPE US federal tax identification number is not recognized by your state for sales tax purposes, contact the SPE sections manager.

## **TAX TREATMENT OF CORPORATE SPONSORSHIPS**

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Qualified sponsorship payments, those made by a corporation or person engaged in a trade or business to an exempt organization, are not subject to unrelated business income tax if there is no arrangement or expectation of a substantial return benefit. If a sponsorship results in any advertising benefit to the sponsor beyond the use of the name and/or slogan or the benefits exceed 2% of the sponsorship amount, then the sponsorship payment could be subject to tax. The use of promotional logos or slogans that are an established part of the sponsor's identity does not, in itself, constitute advertising.

## **REFERENCES**

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- Financial Statement Sample Form

### **For more information, contact**

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