

SHRM MEMBERS *for* Transparency

The following summary of SHRM's IRS 990 2013 report has been prepared by the SHRM Members for Transparency (SMFT). We want to assist SHRM members in understanding this important IRS required report on SHRM practices and financial status.

The SHRM IRS 2013 990 is the most recent report available. The due date for submission of the 2013 990 Report was originally May 15, 2014. However, SHRM has asked for extensions and their report was only recently submitted.

We encourage interested parties to read the complete 2013 IRS form 990 Report.

EXECUTIVE NARRATIVE SUMMARY

1. As reported in last year's (2012) 990 report, for the first time SHRM's CEO, Mr. Hank Jackson, was paid greater than one million dollars, actually \$1,292,308, including deferred compensation. That was the first time any SHRM CEO was paid in excess of one million dollars, and is 30% greater than Mr. Jackson's previous year's compensation. The 2013 990 report indicates that Mr. Jackson's compensation has increased to \$1,532,358 over 2012, for an 18.6% increase.
2. The number of SHRM employees during 2013 was 409, an increase of 29 for, a 7.6% increase, during 2013.
3. The number of SHRM volunteers increased to 7590, a 12.6%, increase from the prior year; however; still only 3% of SHRM's total membership.
4. Reconciliation of net assets:

	2012	2013	
Total revenue	\$104,241,442	\$114,561,872,	+9.9%
Total expenses	\$103,226,106	\$109,664,067	+6.2%
Revenue less expenses	\$1,015,336	\$4,897,805	+382%
Net Unrealized gains on investments. ¹	\$9,131,387	\$11,287,355	+23.6%

¹ Unrealized gains on investments is the IRS requirement for nonprofits to report the current value of investments, not, for instance, the purchase price. Unrealized means the stocks are not sold, but the current value of all investments is what is recognized as the value of such assets on SHRM's Balance sheet. It does not reflect operating results.

Net assets as of 12/31/	\$114,575,737	\$143,089,642	
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NOTES:

- Revenue increased \$10,320,130 over 2012 for a 9.9% increase while expenses increased \$6,437,961 or only 6.2%,
- Total net assets increased \$28,513,905 or 24.9%.
- Member dues at \$43,159,380 accounted for only 46.3% of total revenue, and when combined with the Annual Conference revenue, which accounted for 28.6% of revenue, almost three quarters of all revenue came from those two sources.
- Not enough information is included to determine the performance of investments outside the United States.

5. Staff compensation

- a. Three SHRM executives were paid greater than \$500,000 during 2012. They were Mr. Jackson (already highlighted as compensated at greater than \$1.5 million); SHRM’s General Counsel, Mr. Henry Hart who earned \$612,822 and Robert Carr, VP Membership and Marketing a \$520,430.
- b. Four SHRM executives were reported as earning \$400,000 or more and seven greater than \$300,000.

6. SHRM Board compensation

- a. The total compensation for the 2012 Board (excluding Jackson) was \$317,224. The highest was \$51,299 reported for the 2012 Past Chair, Mr. Jose Berrios.

2012 SHRM FORM 990 IRS SUMMARY REPORT

ISSUE	2013	2012	2011	2010	2009	2008
Number of individuals employed in calendar year	410	380	360	352	Not reported	Not reported
Total number of volunteers	7590	6743	7925	7240	Not reported	Not reported

Income Statement						
Program service revenue	\$94,150,876	\$88,692,178	\$83,840,039	\$75,311,847	\$68,123,996	\$83,162,988
Investment Income	\$7,081,350	\$4,411,005	\$8,201,572	\$6,641,419	-\$815,128	-\$10,470,170
Other revenue	\$13,323,646	\$11,138,259	\$9,831,221	\$11,834,645	\$13,876,571	\$14,938,418
Total revenue	\$114,561,872	\$104,241,441	\$101,872,832	\$93,787,911	\$81,210,439	\$87,656,236
Grants	\$1,130,906	\$578,720	\$625,871	\$636,300	\$105,241	\$433,364
Salaries and benefits	\$50,315,915	\$47,217,853	\$42,996,352	\$40,124,333	\$37,072,991	\$36,313,800
Other expenses	\$58,217,246	\$55,429,533	\$53,264,917	\$56,259,873,	\$52,721,900	\$86,009,745
Total expenses	\$109,644,067	\$103,220,106	\$96,887,140	\$97,020,506	\$89,900,132	\$104,756,909
Revenue less expenses on operating basis.	\$4,897,805	\$1,015,336	\$4,985,692	-\$3,232,595	-\$8,689,693	-\$17,100,673
			In 2011, greater than \$13 million of SHRM Foundation Assets were transferred to SHRM's			Note: Total losses greater than \$29,000,000 from 2008-2010.

			Balance Sheet. 2			
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Balance Sheet	2013	2012	2011	2010	2009	Comments
Total assets	\$206,668,817	\$188,197,236	\$174,854,312	\$177,891,001	\$169,837,291	
Total liabilities	\$63,579,175	\$73,621,499	\$67,943,531	\$53,992,252	\$48,581,080	
Net assets	\$143,069,642 (Note: Includes \$11,287,355 in "unrealized gains on investments. \$	\$114,575,737 Note: Includes \$9,131,387 in "unrealized gains" on investments.	\$106,910,781	\$123,898,749	\$121,256,211	
Major sources of revenue						
Membership dues	\$43,596,380	\$42,203,407	\$39,089,271	\$35,453,590		
Annual conference	\$26,907,199	\$24,259,923	\$23,668,997	\$19,770,344		
Advertising	\$12,415,181	\$12,394,780	\$12,535,746	\$12,066,604		
Seminars	\$7,278,160	\$6,094,000	\$5,163,875	\$4,865,451		

² As announced in the Independent Auditors Report effective January 1, 2011, under Financial Note 5, the SHRM Foundation is reported as being consolidated with SHRM and its subsidiaries "due to common control." A result of this decision was that \$13,883,662 – all of the SHRM Foundation's assets – was transferred to SHRM's Balance Sheet. SHRM management informs us this is an administration action and will not affect the operations, decisions or spending capabilities of the SHRM Foundation. They further report that the SHRM Foundation activities and reserves show up only for GAAP accounting purposes on the SHRM audited consolidated financial statement – not in the Form 990. (See: SHRM Consolidated Financial Statements and Supplemental Information for Years ending December 31, 2010 and 2011. http://www.shrm.org/about/reports/Documents/SHRM2011_2AUDITFinalFS.pdf.) It is our opinion that this presumably "one time" transfer of assets does not permit an adequate comparison of SHRM financial results between years 2010, 2011 and 2012. Had this action not taken place SHRM would have experienced a decrease, not an increase in net assets, as reported for 2011. The SHRM Foundation, as a 501(c)(3), must file its own IRS form 990. (See: <http://www.guidestar.org/FinDocuments/2011/346/610/2011-346610067-08e2f347-9.pdf>.)

Other conferences	\$3,941,848	\$3,704,527	\$3,352,207	\$3,029,720		
All other program service revenue	\$12,108	\$35,541	\$29,943	\$126,138		
Total	\$94,150,876	\$88,692,178	\$83,840,039	\$75,311,847		
Major expenses - Staffing						
Compensation of current officers, directors, trustees and key employees	\$9,110,543	\$7,128,791	\$7,123,641	\$8,054,355		
Other salaries and wages	\$28,776,644	\$27,212,277	\$25,473,134	\$23,429,188		
Pension plan contributions including 401(k)	\$6,031,910	\$7,021,684	\$5,072,525	\$3,618,900		
Other employee benefits	\$4,067,546	\$3,579,439	\$3,211,957	\$2,986,350		
Other major expenses:						
Legal expenses	\$260,802	\$292,852	\$399,509	\$184,198		
Accounting expenses	\$176,904	\$95,364	\$122,290	\$107,555		
Lobbying expenses	\$354,669	\$334,555	\$319,092	\$208,514		

Investment management fees	\$496,216	\$480,286	\$264,423	\$347,293		
Advertising and promotion expenses	\$3,004,434	\$4,864,223	\$5,796,295	\$6,746,619		
Office expenses	\$9,037,285	\$8,929,517	\$8,750,596	\$9,130,480		
Information technology expenses	\$2,962,280	\$2,579,693	\$2,565,008,	\$2,433,148		
Travel expenses	\$2,653,094	\$2,675,192	\$2,438,583	\$2,429,767		
Conferences and meetings expenses	\$13,431,588	\$11,962,082	\$11,193,071	\$9,785,307		
Chapter support	\$1,634,518	\$1,635,250	\$1,772,778	\$1,378,853		
Investments						
Investments – public traded securities	\$121,091,437	\$107,527,304	\$103,657,020	\$100,651,040		
Investments – other securities	\$21,712,328	\$18,525,564	\$14,689,859	\$21,916,536		
Activities outside the United States	2013	2012	2011	2010	2011	2010
South Asia - total expenditures (India)	\$3,000,000 SHRM India maintains three	\$3,101,647 (Note: India has 1893 SHRM	\$5,002,175	\$2,500,000	The 2011 SHRM Member	In 2010 SHRM reported SHRM India

	offices with approximately 33 employees and independent contractors.	members and increase of 20% over 2011. However, each India member's cost is, at \$1638 each, unacceptably high.			Directory at the time of this analysis indicates there are only 1,359 members in India, a 36% decrease from the prior year.	has three offices and 21 employees or contractors. The SHRM Member Directory at the time of this analysis indicates there are 2,130 members in India for a cost of approximately \$1,178 per member.
East Asia and the Pacific - total expenditures (China)	\$85,556 SHRM China maintains one office with approximately 4 employees	\$278,713 After several years of effort, the SHRM Member Directory at the time of this analysis (2014) reports there were only 314 members in China, an increase from the 226 reported last year. The	\$283,894	\$331,346		In 2010 SHRM reported that China has one office and two employees.

		average 2012 cost per member was \$888.				
Mexico and Canada - total expenditures	\$270,914	\$24,821	\$5,403	\$40,871		
Europe including Iceland and Greenland - total expenditures	\$116,171	None reported	None reported	\$1,065		
Middle East -& North Africa	\$150,000	None previously reported				
South America	\$10,758	None previously reported				
Sub-Saharan Africa	\$340,505	None previously reported				
Central America & Caribbean	\$2,000,000	None previously reported				
Total investments in countries other than the United States.	\$5,932,904					
First class, business class, companion travel, housing allowances and tax	Dollar amount not disclosed. A total of 20 people received various First Class and	Dollar amount not disclosed. A total of 15 people received various First Class and	Dollar amount not disclosed.	Dollar amount not disclosed.	SHRM has an employee travel policy permitting	

<p>indemnification payments required to be reported to the IRS.</p>	<p>Business Class travel during 2013.</p>	<p>Business Class travel during 2012.</p>			<p>First/Business Class international travel for any flight 5 hours or longer.</p> <p>SHRM has a Board policy allowing all Board members and the SHRM CEO to fly First or Business Class regardless of time or distance required – a very generous practice compared to other nonprofit organizations.</p>	

Highest compensated employees						
\$500,000 or more Hank Jackson, CEO Henry Hart, General Counsel Robert Carr, VP Membership & Marketing	\$1,532,358 \$612,822 \$520,430	\$1,292,308 \$559,158	\$997,590 \$490,133	\$551,806 \$357,603	Increase from 2011 30% 2011 14%	First SHRM CEO to be compensated in excess of a million dollars.
\$300,000 or more						
Gary Rubin	\$488,113	\$461,563	\$465,202	\$377,405		
Debra Cohen	\$483,149	\$456,844	\$421,061	\$360,724		
Mary Mohney	\$426,555	\$391,803				
Brian Dickson	\$419,931	\$373,506				
Jeff Pon	\$408,759					
Susan Bergman	\$356,742	\$327,453				
Heidi Byerly	\$342,353					
Margo Vickers	\$325,320					
Michael Aitken	\$321,084	\$317,489	\$318,364			
Shirley Davis	\$303,238					
Reportable Compensation		2012	2011	2010		

of Board members						
• Henry (Hank) Jackson	\$1,532,358	\$1,292,308				
• José Berrios	\$51,299 Past Chair	\$109,572 Chair	\$35,000	\$23,603		2012 Chair
• Jeffrey Cava	\$20,300	\$25,000	\$20,000	\$13,603		
• Calvin Finch	Off Board	\$20,000	\$29,000	\$23,603		
• Bette Francis	\$37,258 Chair	\$35,000	\$25,000	\$23,603		
• Jorge Consuegr a	\$20,300	\$20,000	\$5000			
• James Kaitz	\$25,300	\$25,000	\$25,000	\$13,603		
• Gary Latham	\$20,667	\$25,000	\$25,000	\$23,603		
• Brian Silva	\$25,300	\$20,000				
• Coretha Rushing	\$25,300	\$20,000				
• My-Chau Nguyen	\$20,300	\$20,000	\$10,000			
• Virda Rhem	\$20,300	\$20,000	\$20,000	\$20,000		
• Jose Tomas	\$20,300	\$15,000				

• Lorio Carlson	\$15,300					
• Jennifer Polling	\$20,300					
• David Windly	\$20,300					

Conflict of interest policy

A special part of IRS form 990 is Part VI, Section B, which requires SHRM to comment on their conflict of interest policy. Their lengthy explanation is open to challenge, specifically with regard to the Board initiating and approving its own compensation and benefit programs, inconsistent with association practice, Board Source, and the American Society of Association Executives guidelines.

In addition, the SHRM Member Discipline process consists of only Board members initially judging members’ ethical conduct, including any complaints against their fellow SHRM Board members. Previous complaints against Board Members regarding conflicts of interest have been rejected by the Board Members on the Review Committee, thus pre-empting discussion by the Hearing Committee, which is the only element of the Member Discipline process that has regular, non-Board members on it. Therefore, conflict-of-interest complaints against Board Members were dismissed by Board Members, resulting in yet another serious conflict of interest. The Board has been aware of this conflict of interest for approximately three years and has done nothing to rectify it, allowing Board Members to remain completely immune to any member discipline.

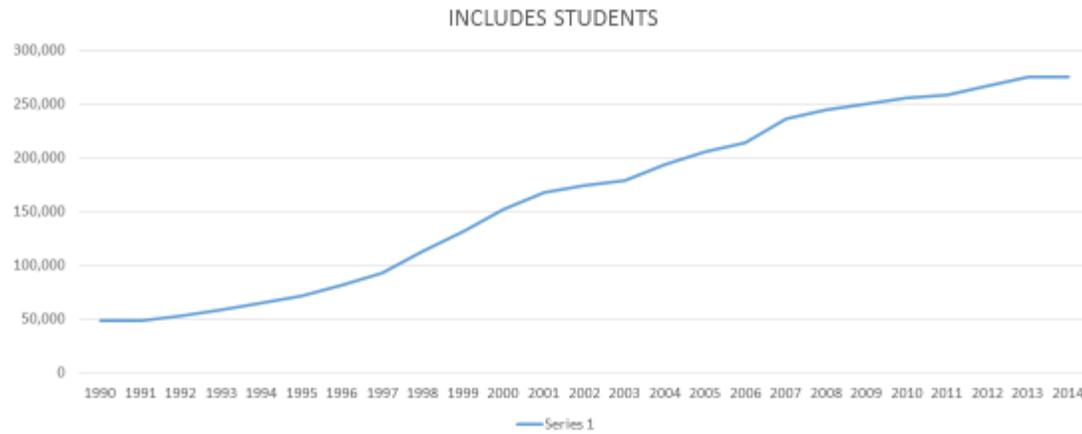
SHRM Membership:

There is no requirement for SHRM management to report SHRM’s membership to the Internal Revenue Service on the IRS 990 reporting form.

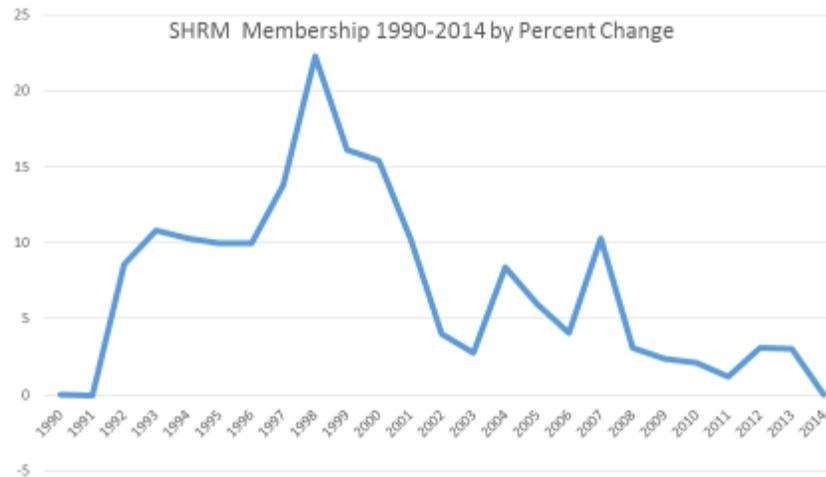
An analysis of SHRM’s situation would be incomplete without a reference to SHRM’s membership.

As indicated below, SHRM’s membership has increased each year since 1990.

SHRM MEMBERSHIP 1990-2014



However, as indicated by the following chart the percent increase in SHRM membership has decreased rather dramatically during the past several years.



The question is whether or not the number of HR professionals in the profession is increasing or decreasing? The United States Department of Labor reports HR jobs are increasing, not decreasing. This includes HR specialists such as labor relations and training and development as well as compensation and benefit managers.

Percent Change in Employment, Projected (2012-2022)

Human Resources Managers	13%	
Total, all occupations	11%	
Management occupations	7%	

Note: All Occupations includes all occupations in the U.S. Economy.

Source: U.S. Bureau of Labor Statistics, Employment Projections program

With the number of HR professionals increasing there should be a good opportunity for continued SHRM growth; therefore, current membership recruitment efforts should be reviewed for their effectiveness.

Prepared by SHRM Members for Transparency

For more information about SHRM Members for Transparency (SMFT) and our concerns about selected SHRM Board policies and practices, please visit our website at: www.shrmmembersfortransparency.com.

February 3, 2015