



## Differences Between Components and Sections

	<b>Components</b>	<b>Sections</b>
<b>Incorporation</b>	Components are independently incorporated organizations and are viewed as legal entities by the state and federal government.	Sections are not separate entities and fall under the ACOEM umbrella. They are not legally recognized by the state or federal government; only ACOEM is.
<b>Bylaws and Policies</b>	Components create their own bylaws and policies, which must not conflict with ACOEM's bylaws and policies, when they become legally incorporated.	Do not have independent bylaws or policies. Sections must comply with ACOEM's bylaws and policies.
<b>State and Federal Registration</b>	Components must register as businesses or non-profit organizations in their state, the IRS, and any county/city that corresponds to their jurisdiction, as appropriate.	Since Sections are not separate, legal entities, they do not have to register with the state, federal, or local governments.
<b>D&amp;O Insurance</b>	Components must have D&O insurance. ACOEM includes components in its coverage and bills the premium back to components annually by deducting the amount in the dues remittance payments.	Section leaders do not need, and do not have, D&O Insurance.
<b>Taxes and Audits</b>	Components must file Form 990 annually, as well as perform an annual audit.	Sections do not file any taxes or directly participate in any audits. ACOEM's annual audit will include Section fund balances and activities.
<b>Funding and Budgets</b>	ACOEM collects component dues and disperses them monthly to components. Components manage their own budgets, according to their bylaws and policies, and handle all their own financial reports. ACOEM cannot spend component funds as the organization does not	ACOEM collects section dues and holds those funds in restricted accounts. Section leaders may file expense reimbursements or submit check requests to staff to spend the money. While the funds are restricted from general expenses, they are still considered ACOEM's revenue and

	have access to them. Components do not need the approval of ACOEM to spend their funds, regardless of amount.	spending can be dictated by ACOEM's Board of Directors. Sections must spend their funds on programs and not just the annual AOHC meeting. Sections that wish to spend more than \$4,999 must receive approval from the ACOEM board of directors.
<b>Bank Accounts</b>	Components have their own bank accounts. Accounts should be set up as business accounts, with at least two signatories on file, and not personal bank accounts of the officers.	Sections do not have bank accounts. Funds are in the ACOEM bank account and managed by ACOEM.
<b>Leadership Structure and Governance</b>	Components create their own leadership structure as long as it is in compliance with ACOEM bylaws (i.e., only voting ACOEM members may hold component officer positions). They determine their own councils and committees and terms.	Section leadership structure is dictated by ACOEM's bylaws and policies; they cannot create their own leadership, though they can add additional positions not outlined in ACOEM's policy manual. Example: sections must have chair and vice chair. They cannot remove these positions. However, they can add webmaster, communications chair, etc. to meet the needs of the members and program planning.
<b>Paid Staff</b>	Components are registered business and operate as businesses. They can hire employees, including contractors and dedicated staff, which would require proper hiring processes and annual income reporting through state and federal agencies. Components that hire staff should also have additional insurance coverages and policies in place to protect them, and their employees, legally and financially.	Sections are not registered businesses and cannot hire staff. Section funds are intended for educational programming. Sections should avoid outsourcing administrative tasks to assistants through the work place as there is no insurance or financial coverage to protect them in the event a legal matter arises.
<b>Programming</b>	Components hold their own strategic planning and determine their own program planning, as long as it supports ACOEM's mission. They do not need to share or receive approval from ACOEM on their programming or topics.	Sections plan their own programs within the guidelines of the ACOEM bylaws and policy. Activities for members only do not need approval; activities that extend to other ACOEM members outside the section must receive

		ACOEM approval (education or publication councils/departments).
<b>Position Statements and Papers</b>	Components can publish statements and papers as a component (not ACOEM) so long as the statements do not conflict with ACOEM's mission.	Sections cannot publish any statements or papers. They must submit their suggestions to the proper channels for ACOEM to consider and take action on.
<b>Social Media Accounts, Listservs, and Contract</b>	Components are legally accountable for their own contracts and agreements. Therefore, they can establish their own communications platforms and sign their own contracts (hotel or conference contracts).	Sections are not registered entities so they do not have any legal protection. ACOEM is legally responsible for the actions of the Sections. Therefore, they cannot sign contracts or establish their own communication platforms.

## Similarities Between Components and Sections

### Both Components and Sections must:

- Meet duty of obedience, duty of care, and duty of loyalty obligations
- Have a minimum number of voting members to exist (50 for components, 10 for sections)
- Provide ACOEM a list of leaders in a timely manner
- Respect the privacy, including personal identifiable information, of members
- Hold an annual meeting where officer elections take place
- Hold educational programs
- Provide ACOEM with a copy of its annual budget/activity plan
- Attend and submit a written report to the HOD meeting in May and November of each year