

Meeting the Challenges of a Changing World



SHRM 2007-08
ANNUAL REPORT

SHRMTM
SOCIETY FOR HUMAN
RESOURCE MANAGEMENT



Mission:

Serve the HR professional.

Advance the profession.

Mission

Then

60 million working Americans

35% of the private sector workforce is unionized.

Explosive growth of industry and thousands of soldiers returning home from WWII boost growth of personnel profession.

Worker compensation laws are passed in all 48 states.

Perception growing among Americans that unions have too much power. The Taft-Hartley Act recently passed to control the power of unions.

Personnel managers are excluded from discussions surrounding the Wagner and Taft-Hartley Acts. Congress invites others, but personnel directors are not consulted.

No uniform standards for the personnel profession in the minds of top management.

National Association of Personnel Directors (NAPD) operates in Chicago. Anyone who contributes \$50 receives a document stating they are a certified personnel director.

A new association, the American Society for Personnel Administration (ASPA), is founded by 21 professionals (now called SHRM) to advance and develop personnel ethics, methods, and research toward higher standards of performance leading to the professional recognition of personnel administration.

President Truman signs an executive order to end racial segregation within the ranks of the U.S. military forces.

Personnel managers focus mainly on transactional and administrative duties such as filling vacant positions and coordinating compensation.

Now

154 million working Americans

14% of the private sector workforce is unionized.

HR leading efforts to hire and reacclimate military personnel returning from combat overseas.

Employment law mandates on employers become more complex and numerous.

Through SHRM's strong relationships, HR professionals testify before Congress, meet with their elected officials, and send tens of thousands of letters to policymakers every year.

SHRM board chair appointed by President Bush to serve on new White House Advisory Council on Financial Literacy.

40% of SHRM members have titles of director or above.

Of the nearly 900,000 HR professionals in U.S., 92,000 are certified by HR Certification Institute, a SHRM affiliate, signaling mastery of the HR body of knowledge.

SHRM (formerly ASPA) has nearly 245,000 members around the globe, more than 575 chapters and offices in India and China.

SHRM is a leader in creating and funding important HR research initiatives, promoting professional ethics, and advancing the HR profession.

In response to shifting demographics in the U.S. workforce, HR leads diversity and inclusion practices that drive performance.

Many organizations rely on HR for strategic initiatives, such as change management, succession planning, M&As, and aligning the workforce with business objectives.

1948

2008

A Message from the Chair and the President

Dear Member,

As we mark the 60th Anniversary of our founding, SHRM has much to celebrate. We'd like to take this opportunity to share the tremendous progress of the human resource profession and the success of SHRM by taking a new approach to our Annual Report.

Included with this report, which highlights SHRM's work over the past year, is a companion booklet intended to be shared with members of your organization's executive leadership. You'll find it in the sleeve of the back cover.

We frequently hear from members that misperceptions of HR are sometimes an obstacle that keeps the profession from contributing its full value. You've asked us for materials that you can provide your colleagues and senior leaders to explain HR and its direct effect on business. You'll find that explanation here.

Sincerely,

Janet N. Parker



Janet N. Parker, SPHR
Board Chair

Susan R. Meisinger



Susan R. Meisinger, SPHR
President & Chief Executive Officer

The companion booklet, written specifically for an executive, non-HR audience, is meant to create further awareness of the value of HR, the current state of the profession, and the work of SHRM in support of HR. It is another medium in our coordinated campaign to advance the profession by promoting its value to business.

We encourage you to share the booklet with leaders in your organization. Thank you for helping us advance the HR profession.

2007 SHRM Board of Directors



FROM LEFT TO RIGHT

SEATED: Melvin L. Asbury, SPHR; Carolyn Gould, SPHR, GPHR, CCP; Susan R. Meisinger, SPHR; Janet N. Parker, SPHR; Robb E. Van Cleave, SPHR, IPMA-CP; and Calvin W. Finch, CPA;

STANDING: Audrey Boone Tillman, J.D.; Virda M. Rhem, SPHR; Gary P. Latham, Ph.D.; Bette J. Francis, SPHR; Mary Cheddie, SPHR; Jose A. Berrios; and Rita Bennett.

Not Pictured: Beverly K. Carmichael, J.D., SPHR

In our ever-changing world, the need for HR has never been greater. It's no secret that our role as HR professionals is very different than what it was 20—or even 10—years ago.

As with the very business environment in which it operates, HR continues to evolve. As HR professionals, we are...leaders and colleagues... creators and innovators...drivers of ethics and defenders of those who take a stand for what is right.

Who We Are

SHRM



We strategize and implement.

We measure and improve.

We take risks when needed and take care when appropriate.

We recognize talent and develop skills.

We plan for the future and learn from the past.

We are problem-solvers and bottom line defenders.

We open lines of communication and close deals.

We engage employees and help them succeed.

We cultivate diversity and leverage the power of inclusion.

We are all this and much more...

We are Human Resource Professionals and

**We are Meeting the Challenges
of a Changing World.**

We Are SHRM

SHRM



For 60 years, we've been proud to provide the information, resources, tools, educational programming, public policy advocacy, and leadership that help our members—now nearly 250,000 of them—Meet the Challenges of a Changing World.

The following pages outline the most important activities and accomplishments of SHRM over the past year and look ahead to projects that will benefit our members in 2008. It's likely we could fill a tome with all the ways in which SHRM has worked to serve the HR professional and advance the HR profession in the past year.

Instead, we'll borrow a page from our balanced scorecard for the year, highlighting the most noted among our achievements in Membership, Financial Performance, World Class Work Environment, and on a number of Strategic Initiatives, as well as the key initiatives of our affiliates, including the SHRM Foundation and the HR Certification Institute.

Shortly after this report is printed, current SHRM President and Chief Executive Officer, Sue Meisinger, SPHR, will prepare for her retirement from SHRM, as she announced this past January. After 20 years of leadership, she leaves the Society in excellent shape as evidenced in the pages of this report—and she will be missed.

SHRM Today

SHRM



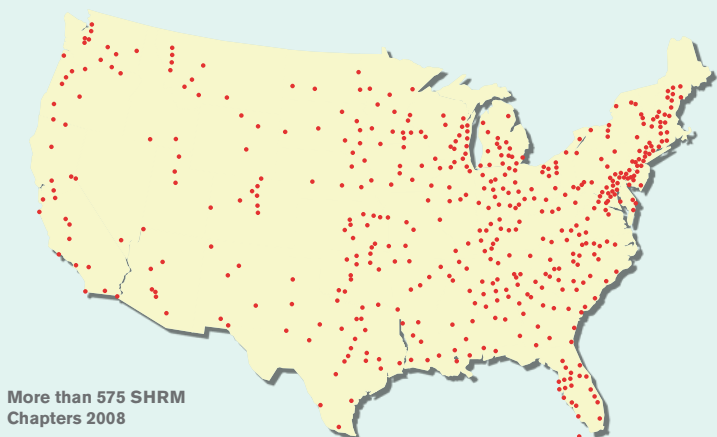
The number of SHRM members continues to grow around the globe.

In 2007, a record number of HR professionals joined SHRM—64,930 new members in all. Among this group are 1,830 HR professionals from outside of the United States, for a total of 236,498 SHRM members at the end of 2007.

Growing bigger helps SHRM provide the breadth of resources and quality of programming members have come to expect. Among other benefits, it also strengthens our efforts to advocate at the state and federal level for sound public policy.

As always, however, our ultimate focus is on quality—not just quantity. An indication of the value of SHRM membership is the rate of member retention. In 2007, SHRM ended the year with a retention rate of nearly 82 percent, which was ahead of our goal. Interestingly, the longer a member has been an HR professional, the more likely he or she is to stay a member.

To help us stay in touch with what matters to our members, SHRM conducts a regular Membership Satisfaction Index (MSI). At year-end, our overall MSI was 78.4 percent—higher than satisfaction levels found in most organizations across the country. Findings gleaned from the MSI will continue to inform SHRM and focus our efforts for improvement, including streamlining our e-mail communications to members.



SHRM Financial Performance

You may be surprised to know that, on average, less than 30 percent of SHRM's budget comes from membership dues. To maximize your benefits, we search for revenue opportunities in a variety of places, including through advertising and exhibit space. Taking this business approach to raising revenue has enabled SHRM to keep dues low. In fact, we haven't increased membership dues in 17 years.

Despite this, SHRM provides an impressive array of membership benefits, including free online survey and research reports, original news, expert webcasts, publications such as *HR Magazine*, use of the world-class SHRM HR Knowledge Center, and many others.

In order to advance the HR profession, SHRM also makes a significant investment in collaborating with business organizations, media opportunities and advertising to highlight HR's business contributions (to be further detailed on page 14.).

SHRM is well positioned to serve our membership into the future. We encourage you to review our financial statements for the year ended December 31, 2007, printed on page 27 of this report.



SHRM's World-Class Work Environment

None of the accomplishments outlined in this report would be possible without the contributions of our committed and knowledgeable workforce. We aim to live up to the same HR principles that we hold out to our members. SHRM's HR team is creative and supports the leadership to foster a world-class work environment.

SHRM focuses on the things that matter most to employees such as respect, open communication, opportunities for growth, trust in leadership, competitive benefits and compensation, 100 percent employee participation in professional development, flexible scheduling, and meaningful incentives tied to meeting our business goals.

In 2007, SHRM fully automated a performance management system that incorporates the organization's values as a behavioral component. In addition, SHRM held a comprehensive 360-degree developmental assessment for the senior management team.

SHRM also undertook a number of long-term planning initiatives, including a strategic benefits review. A new health care provider is expected to improve benefits at less cost to employees. Finally, SHRM's executive team has begun work on competencies for an organizational competency model to inform HR functions.

As SHRM has grown, so has the breadth of offerings to our membership. In order to draw attention to the initiatives and achievements that have the most impact, we will highlight a sampling of the work accomplished in 2007 and the work ahead in 2008.



SHRM Strategic Initiatives

SHRM



As SHRM has grown, so has the breadth of offerings to our membership.

SHRM's membership represents all regions of the world and all industries. Recognizing that our members face a broad range of needs and issues, SHRM continues to invest strategically in the profession to prepare them for whatever business challenges they may face.

SHRM's Strategic Initiatives include:

- designing an online multimedia platform that gives members another convenient way through online audio and video to keep abreast of the latest competitive HR practices;
- taking the leading role in Diversity and Inclusion to be one of the foremost sources for diversity resources and information;
- launching our ATP campaign to educate non-HR audiences about HR's contributions to business;
- developing educational templates, case studies, and other materials to raise the standards of HR degree content and to underscore that the profession has specific educational requirements;
- creating a revitalized brand and new logo to help SHRM communicate more clearly and personally to its members and to non-HR audiences.
- serving our members internationally—in more than 140 nations, and offices in China and India—SHRM is helping HR everywhere operate globally.

The following pages highlight a sampling of all of the work we have accomplished in 2007 and the work ahead in 2008.

Multimedia/SHRM Online

SHRM Online is the hub of the universe in terms of SHRM information and resources. It's one of the most popular resources for members and one of the top drivers of their satisfaction. Several new features were rolled out this past year, including a multimedia platform with more than 220 videos produced for SHRM Online.

The SHRM Job Posting Center debuted, allowing employers, recruiters, and HR professionals to search for recruitment job boards based on their unique job criteria. Individuals can post their ads once—for any job, not just HR—to all of the career sites they select, with a click of the mouse and a single bill.

Utilizing the technology many of our members already use, SHRM now offers a late-week audio version of HR Week delivered to the web via iTunes. Audio-only versions of all past SHRM webcasts are available for members to download on digital audio devices.

A wealth of information was published on SHRM Online for the benefit of members in 2007, far too much to detail in this limited space. We encourage members to utilize their free access to this content, including:

survey reports

HR Magazine

e-newsletters

white papers

case studies

legislative updates

original news

research translations

webcasts

**issue-specific content
on SHRM Online**

trend forecasts

competitive practices

LINE* economic data

career information

* Leading Indicators of National Employment (LINE), produced by SHRM and the Rutgers University School of Management and Labor Relations

In mid-2008, SHRM Online will launch a new and vastly improved web site. SHRM members will still have access to the extensive content and resources—but will experience it through improved navigation, e-commerce, search ability, content organization, overall design, and alignment with SHRM's branding strategy. The new design was created based on member research and features improvements you would like. It will be a site built BY our members, FOR our members.

Future plans include the launch of a social networking platform to increase members' ability to network online with their HR colleagues.



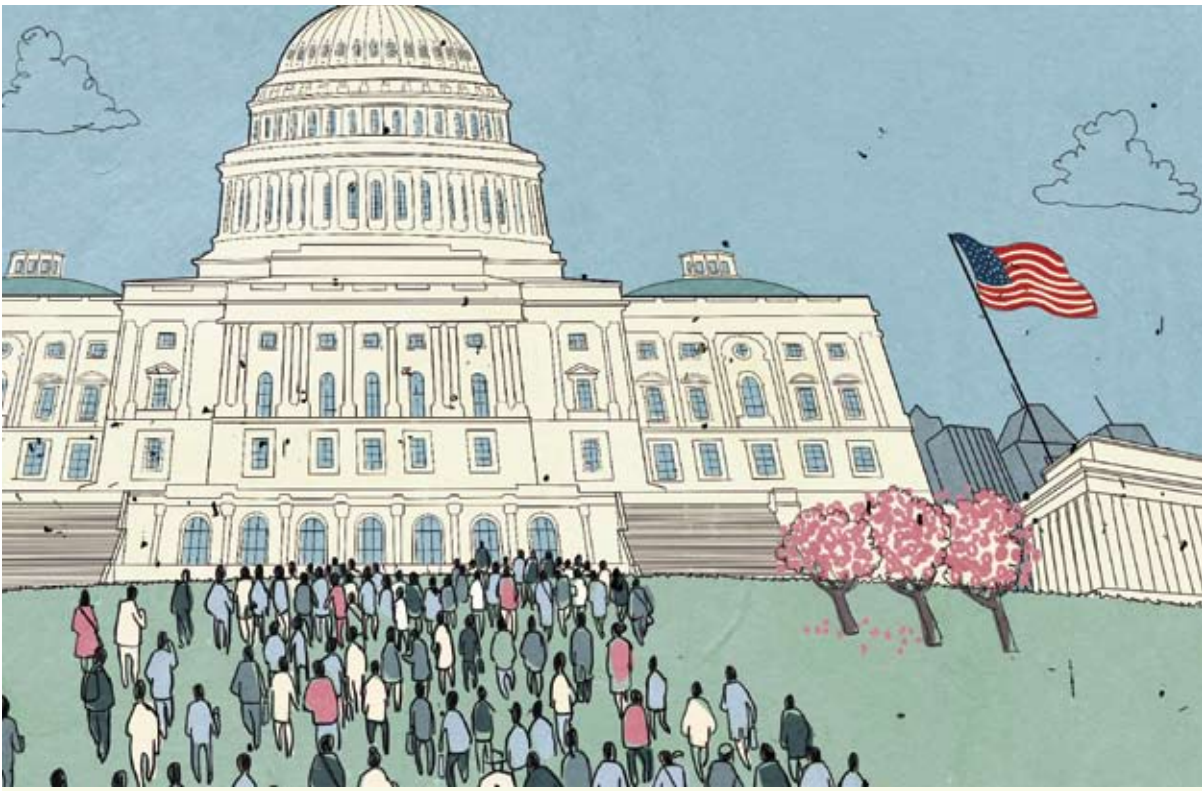
Diversity & Inclusion

Long a champion of workplace diversity, SHRM is working to take its role in this field to the next level and ensure that we are one of the foremost sources for diversity resources and information.

In 2007, we launched the largest U.S.-based study on the current state of the diversity management field. The results of the study are helping guide SHRM's diversity strategy and determine where opportunities and gaps in knowledge and strategy currently exist in the diversity industry. The survey report is available free to members on SHRM Online.

In addition to participation in research, SHRM hosted an invitation-only Leadership Summit on Diversity and Inclusion for 100 global thought leaders, academics and experts in the field of diversity to discuss the challenges and opportunities in the field of diversity. The viewpoints of the participants will help SHRM identify tools and resources necessary to help business and organizational leaders create a more global workforce. An executive summary of the summit will be posted on SHRM Online.

Finally, we're completing a Diversity Practice Analysis to help us determine the body of knowledge for workplace diversity and inclusion. This information will be used to inform our educational programs, thought leadership, research, and other initiatives including an international diversity study, which will examine the state of diversity worldwide and explore how diversity strategies translate from country to country.



Campaign to Advance the HR Profession

One of the biggest obstacles to reaching HR's full value to organizations is outdated assumptions or misunderstanding of the profession itself. The truth of the matter is human resource professionals are tackling some of the toughest issues facing business today. They are adapting and creatively solving problems associated with globalization, health care, recruiting skilled talent—to name a few. SHRM's latest advertising campaign highlights that HR is meeting the challenges of a changing world.

To help business leaders and others fully understand the new role of HR and the full value it offers, SHRM continues to make a significant investment to create awareness and advance the HR profession. Utilizing an important moment in time to increase visibility of SHRM and the HR profession among elected officials, business leaders, and people who shape public opinion, SHRM is sponsoring CNN election coverage throughout 2008. In addition to sponsorship messages during presidential debates, we will also have spots on CNN Headline News, CNN.com, and in airports across the country on CNN's Airport News Network. We want America's leaders to understand that HR plays an important role in many critical public policy issues that are being discussed during the campaign.

While SHRM has worked on many different congressional and legislative issues over the last year, its focus has been on three primary areas: family and medical leave, immigration, and weapons in the workplace.

The spots airing on Fox News and Fox Business Network:

As any HR professional knows, it's important to track the effectiveness of our efforts to determine a return on investment. To determine whether our messaging is hitting home with our targeted audiences, SHRM created a baseline national survey to measure statistically significant changes in perceptions of the HR profession in the future. Several other methods are also being used for measurement, including focus groups, media coverage analysis, in-depth interviews, and others.

SHRM goes beyond the business world in educating others about HR. The Society and its members also are active on Capitol Hill and in all 50 state legislatures in influencing bills and regulations that affect business and workers. In 2007 alone, SHRM members sent over 56,000 letters to lawmakers in Washington, D.C., which had tremendous impact on how Congress operated.

SHRM leads The National Coalition to Protect Family Leave, which is a broad-based, non-partisan group of organizations, companies, and associations dedicated to protecting the integrity of the Family and Medical Leave Act. The Coalition supports efforts to strengthen the Family and Medical Leave Act to ensure that the leave meets the employee's dual needs of balancing family and work, and at the same time, allowing the employer to achieve their business objectives. The group also is fighting to end inappropriate use of FMLA's medical leave, which negatively impacts business and employees.

The HR Initiative for a Legal Workforce represents human resource professionals in thousands of small and large U.S. employers across every sector of the American economy. The HR Initiative and its members are seeking to improve the current process of employment verification by creating a secure, efficient and reliable system that will ensure a legal workforce and help prevent unauthorized employment, the key to genuine immigration reform.

The Society and its members fought, and continue to fight, legislation prohibiting employers from enforcing workplace policies banning weapons on company property. Thirteen states considered mandating that employees be allowed to carry weapons onto workplace property. SHRM and its members were successful in stopping legislation in each state but one. SHRM continues to follow weapons in the workplace legislation in several states across the country.

In addition to its work in Washington and the state capitals, SHRM continues to provide leadership for key issues on which our members have responsibility within their organizations. Executive Roundtable Symposiums have been held on a number of issues, including a symposium on Workforce Readiness this past year and one on Sustainability in mid 2008. The high-level discussions involve HR executives, top-level government officials, and leading thinkers from across the country and are meant to help determine what short-term and long-term actions are necessary to improve workforce readiness, including what role SHRM can play. These outreach efforts further demonstrate HR's role in critical business issues and serve to advance the profession.

Academic

Workforce readiness is a challenge everywhere, including within the HR profession itself. Concerned with consistency and quality in the instruction of HR management at institutions of higher learning, SHRM launched a major initiative to define consistent curriculum requirements for undergraduate and graduate programs, develop higher-quality HR degree program content, and promote the fact that HR is a profession with specific requirements.

There are 25 programs at 21 universities that have adopted the SHRM® Human Resource Curriculum Guidebook and Templates, developed with the input of leading HR educators, professionals and students. The guidebook includes content areas all HR students should study.

To support HR educators, SHRM has created a Resources for HR Educators page on SHRM Online with HR case studies and learning modules for use in the classroom. These resources are free of charge and more are added regularly. A classroom teaching tool will also be created for the SHRM/Rutgers Leading Indicators of National Employment (LINE).

Fully understanding the current state of HR education is vital to SHRM's efforts to align the next generation of HR leaders with the knowledge necessary to be successful in the field. In early 2008, SHRM began designing a study to review the state of HR education and track HR graduates post-graduation to see where they go in their career.

To further assist students in their preparation to be future HR leaders, SHRM has created 40 internship sponsorships, at a total cost of \$200,000 for students studying HR at the undergraduate or graduate level. Eight sponsorships of \$5,000 each will be awarded in each of SHRM's five geographic regions. The first internships will be awarded in mid-to-late 2008.



Branding

SHRM is a career partner to its members, helping them succeed and supporting their professional needs. To demonstrate more clearly who and what SHRM is, we launched a revitalized global brand, based largely on member input. The entire organization worked across departments and disciplines to prepare for the branding launch at the SHRM Annual Conference & Exposition in June of 2007.

The launch included a new logo, which incorporates the familiar back-to-back “H” and “R,” but also our acronym “SHRM.” The new logo reflects SHRM’s—and the HR profession’s—growing influence and reputation in recent years and is consistent with how most people have come to know the organization.

SHRM also revamped its printed materials and will redesign the web site to deliver a more unified message about the role of the HR professional and the organization in general. We want every SHRM communication to be immediately recognizable as SHRM’s.

Overall, the branding initiative means that SHRM materials will be developed with five key goals in mind:

- **Be clear.** Members will be on the marquee in SHRM communications.
- **Be market-oriented.** Content will be organized around member needs and objectives.
- **Be on target.** Information will be customized to different types of members.
- **Be consistent.** Looking and speaking like one organization under one banner.
- **Be personal.** Moving from an impersonal style to one that is less formal, but substantive.

The reaction to the new look and message has been overwhelmingly positive and powerful.

International Strategy

Kofi Annan, former Secretary General of the United Nations, once said that, “Arguing against globalization is like arguing against the laws of gravity.” The fact that our world is increasingly global requires new thinking and action by all organizations and their HR leaders. SHRM’s continuing international strategy is to raise awareness of global issues among all HR professionals and to serve the needs of HR professionals outside the United States.

With members in more than 125 countries, SHRM has focused its non-U.S. outreach and educational programming to China, India, and Canada. There, SHRM certification preparation courses, business education courses and, in China, an HR Generalist course, have all been offered and will be repeated in a number of cities.

SHRM is entering the Middle Eastern market, too, with a focus on the Gulf Cooperation Council countries. HR seminars are being organized for late 2008 in Bahrain and the United Arab Emirates.

In April of 2007, a delegation of members led by Sue Meisinger traveled to India to learn about the strategies employed by HR professionals in the burgeoning Indian economy from leaders of industry, academia, and government. In late 2008, a SHRM-led HR delegation will visit China to learn about HR practices, policies, and education there.

All of these opportunities help us learn about HR and business trends in each country for the benefit of our U.S.-based membership. In fact, 260 content pieces related to global HR issues were added to the Global HR Focus Area on SHRM Online in 2007. In addition, documents were translated into Korean, Spanish, and Chinese for the benefit of our non-English speaking members.



Affiliate Network

The reach of SHRM's work is greatly amplified by the reach of our impressive network of regional leadership, state councils, chapters, and volunteer leaders. In addition to the impact of their own local programming, SHRM's more than 575 chapters and 53 state councils help SHRM accomplish its mission at the local level.

When serving a membership as large as ours, keeping connected is critical. SHRM held five town hall meetings—one in each region—to help stay in tune with how we can best serve our membership. Sue Meisinger presents a “State of the Society” and then asks members for feedback on what they need in their day-to-day responsibilities and long-term career track. Each meeting draws more than 150 people. The events have yielded several ideas the Society has implemented to better serve members. Town hall meetings are scheduled for Houston, Texas; Charlotte, North Carolina; Princeton, New Jersey; Seattle, Washington; and Indianapolis, Indiana, for 2008.

Our volunteers are among the best; giving generously of their time and talents. To help members find the most appropriate and rewarding volunteer opportunities within SHRM, we offer an online Volunteer Opportunities Center.

Making connections among members is a huge benefit of belonging to SHRM. Often, members with more tenure want to pass along what they have learned. To take advantage of this opportunity, we launched the online SHRM E-Mentor Program to match mentors and protégés. Online technology, through a vendor that provides mentoring programs for *Fortune* 500 companies, helps find a close match quickly and accurately. Nearly 660 mentees and 1,400 mentors are participating so far.

More than 3,100 individuals have offered to volunteer to help serve the profession in 2007; a 41 percent increase over the previous year.

Janet Parker, 2007-2008 SHRM Board Chair, announced Enterprising Leadership in late 2007; a challenge for each chapter and state council leader to think creatively and identify a community need as a priority for 2008. She encouraged initiatives with significant impact and strategic thinking in hot issue areas such as diversity, workforce readiness, health care, the election, and corporate sustainability. In preparation for the 2008 SHRM Leadership Conference, each chapter and state council will be asked to tell us about their Enterprising Leadership initiative.

In addition to Enterprising HR, SHRM chapters and state councils also develop numerous programs that reach out to students, the business community and HR peers. Each year during its Leadership Conference, SHRM honors the excellent work of these chapters and state councils to serve the professional and advance the profession through the Pinnacle Award. In 2007, the following chapters and state councils were recognized for their successful activities:

California State Council of SHRM

– California State HR Certification Program. California state law is often quite different from federal and other state laws. California HR professionals wanted a certification that was specific to their needs. Working with the HR Certification Institute, the California State Council held focus groups, collected data and materials and worked with volunteers to create the California State Certification. HR practitioners sat for the first exam in April 2007.

Anchorage SHRM Chapter

– Partnership with the Municipality of Anchorage’s “Mayor’s Diversity Week.” The Anchorage SHRM Chapter has worked with the mayor’s office over the last several years to celebrate the city’s, and the state’s, unique diversity. Each year the chapter hosts Alaska Native speakers, panels made up of different representatives of race and ethnicity from the community, and a workshop developed to promote the hiring of people with disabilities.

Maine Society for Healthcare Human Resource Administration

– How to Succeed When you Go for an Interview. The Maine Chapter wanted to find a creative and unique way to teach high school students job interviewing skills. Working with the students, the chapter developed a two-day lesson plan, including sample thank-you letters, and distributed a free DVD. They are now providing the DVD to specialty programs for students outside of high school, libraries, job corps centers and the chambers of commerce.

SHRM-Atlanta – Embrace the Profession Membership Drive. The SHRM-Atlanta Chapter set a goal to promote the HR profession. Developing and implementing a series of programs, the chapter’s numbers grew by a third in 2007. Their goal is to nearly double their membership numbers from just over 2,000 to 4,000 in 2008/2009.

SHRM-Columbus, Ga. – 2007 Russian Project. The SHRM-Columbus, Ga., Chapter hosted a group of Russian HR professionals for a two-week visit. The chapter developed programs, based on the SHRM Learning System. They included business leaders and the local community college in the effort to welcome the Russian HR delegation.

SHRM of Tulare/Kings County, Calif. – Tag, You’re It. Recognizing that many new employees in HR have no background in the profession, the SHRM of Tulare/Kings County Chapter developed a series of 10 monthly seminars to teach entry- to mid-level topics in HR. New topics are constantly being introduced. The first year 37 people enrolled in the classes, and 33 participated in the 2007 seminars.

Toledo Area Human Resource Association – Extreme Makeover, Workforce Edition. The Toledo Area Human Resource Association wanted to bring together people with disabilities who are able to work and employers from the local area. The chapter held panel discussions, resume-critiquing sessions and a job fair to help employers and potential employees come together.

Tuscaloosa, Ala., Human Resource Professionals – Improving Your Odds with Workforce Development. The growing manufacturing base in the local area was having difficulty finding employees with the behavioral skills then needed in the workplace. The chapter, working with local employers and community college, developed a series of classes covering computer skills, behavior, precision measuring, lean manufacturing, six sigma, just-in-time logistics, and decision making. Students receive a Career Readiness Certification from the course.

Wabash Valley, Ind., Human Resources Association – High School Leadership Program. The Wabash Valley HR Association established a workforce readiness program to help high school students develop their leadership skills. The chapter created a nine-month course, approved for college credit. Students were required to complete 20 hours of instruction on communication, servant leadership, image and dress, team building, ethics, and values. After attending the sessions, students were eligible to start an internship of their choice. Currently, more schools are contacting the chapter to see how they can also get involved.

SHRM also recognizes outstanding HR and HR initiatives through its Human Capital Leadership Awards. The awards recognize HR professionals who demonstrate strategic HR Leadership, innovative business solutions, and the ability to create and align a competitive workforce. It also provides the Human Capital Business Leader of the Year to a senior HR professional who demonstrates leadership by developing and executing strategies with direct and measurable bottom line impact. Past winners and finalists include Coca Cola, IBM, Accenture, U.S. Army (Europe), and Harley Davidson.

SHRM Foundation/HR Certification Institute

As SHRM affiliates, the SHRM Foundation and HR Certification Institute contribute significantly to the HR profession—each in their own way. The SHRM Foundation, SHRM’s 501(c)(3) nonprofit affiliate, advances the HR profession through research and education. The Foundation raised nearly \$2.5 million in 2007, including a \$1.5 million contribution from the institute.

Members in SHRM’s five regions received scholarships from the Foundation totaling \$100,000 as they work toward an HR degree or certification by the HR Certification Institute.

Through a \$200,000 grant from SHRM in 2007, the SHRM Foundation was able to complete a strategic research project to determine executives’ most pressing human capital challenges. The results are helping the Foundation ensure that its work is focused on the most critical areas in HR practice. The full research report is available on SHRM Online.

The next in its DVD series, “Trust Travels: The Starbucks Story” explores how Starbucks achieves financial success by treating employees well. The Foundation also produced two more reports in its Effective Practice Guidelines series, “Implementing Total Rewards Strategies” and “Developing Leadership Talent.” Three more reports are to be released in 2008.

More than 93,000 HR professionals have now been certified by HR Certification Institute as PHR, SPHR, or GPHR. A new California certification, launched in 2007, was a success with more than 300 candidates registering for the exam. In April, the GPHR, now in its fourth year, certified over 1,000 individuals worldwide.

Celebrating its 30th anniversary in 2008, The institute adjusted its organizational structure in 2007 to prepare for continued growth and success. The organization’s top staff position was split into two separate positions, an Operations Director to focus on the continued delivery of quality services and an Executive Director to work on strategic planning and international expansion.

The institute conducted a significant survey of over 12,000 HR professionals, including certificants, non-certificants and business leaders. Survey findings will be included in the HR Certification Institute brand relaunch in June 2008 and will help to form the Institute’s plan for future growth and success.

The SHRM Foundation saw more grant activity last year—a 300 percent increase in fact—in the number of individuals and groups applying for grants. Funded proposals totaled more than a half million dollars; a 700 percent increase over the previous year.

SHRM Financials

SHRM





**Certification of the Annual Consolidated Financial Statements
Of the Society for Human Resource Management**

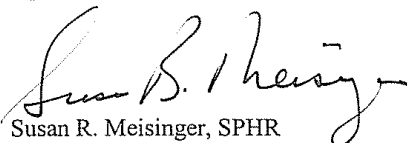
We are the senior-most officials of the Society for Human Resource Management (SHRM) with responsibility for the financial controls and reporting of the Society. We have reviewed the annual Consolidated Financial Statements for the years 2007 and 2006 and based on our knowledge:


The financial statements are accurate and complete, and fairly present the financial condition of the Society for Human Resource Management and its subsidiaries including the results of operations and cash flows (separately stated as Consolidated Statements of Financial Position, of Activities and Changes in Net Assets, and of Cash Flows); and

The financial statements do not contain any untrue material statements or facts and are not misleading in their presentation.

To assure the accuracy of our certifications, the Society created and maintains an audit process to examine identified risk areas and internal controls. The Audit Committee of the SHRM Board of Directors reviews and authorizes conduct of audit programs on an annual basis. The head of Internal Audit Services presents audit findings and recommendations to the Audit Committee along with quarterly status reports regarding related actions taken by management. Audit reports are also shared with the outside auditors to assist in the preparation of the Consolidated Financial Statements. Based on our review of the results of this process, we are satisfied that the controls and financial disclosure procedures adequately reflect the financial condition of the Society.

We also certify that material changes in financial operations and financial disclosures, if any, are reviewed by the Audit Committee for approval and that, incidents of fraud, if any, are also reported to and reviewed by the Audit Committee.


Susan R. Meisinger, SPHR
President & Chief Executive Officer


Henry G. Jackson
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Society for Human Resource Management and Subsidiaries

CONSULTING
ACCOUNTING
TECHNOLOGY

*Certified Public
Accountants*

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statements of financial position of the Society for Human Resource Management and Subsidiaries (the Organization) as of December 31, 2007 and 2006, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended; and in our report dated May 14, 2008, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

Raffa, P.C.

RAFFA, P.C.

Washington, DC
May 14, 2008

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,	2007	2006
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 8,860,600	\$ 9,056,231
Short-term investments	1,725,414	1,847,729
Net accounts receivable	3,043,934	2,522,896
Due from affiliates	315,445	260,315
Income tax receivable	256,958	35,798
Prepaid expenses and deposits	3,950,877	6,115,015
Inventory	1,576,937	1,601,548
Total Current Assets	19,730,165	21,439,532
Long-term investments	142,992,158	122,386,545
Prepaid pension cost	—	119,776
Property and equipment		
Buildings and building improvements	31,716,580	30,196,149
Land	5,883,311	5,883,311
Computer software	7,607,185	7,165,747
Computer equipment	8,353,008	7,015,236
Furniture and equipment	6,922,422	5,521,917
Automobiles	60,374	60,374
Gross property and equipment	60,542,880	55,842,734
Less: Accumulated depreciation and amortization	(23,452,424)	(20,145,078)
Net property and equipment	37,090,456	35,697,656
TOTAL ASSETS	\$ 199,812,779	\$ 179,643,509

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

December 31, **2007** **2006****LIABILITIES AND NET ASSETS****Current Liabilities**

Accounts payable and accrued expenses	\$ 10,186,137	\$ 6,490,806
Due to affiliate	—	232,539
Deferred membership dues	19,798,518	18,329,617
Deferred conference and seminar fees	5,588,345	4,848,339
Deferred subscriptions and other	429,541	531,903
Note payable, current portion	592,268	556,068

Total Current Liabilities **36,594,809** **30,989,272****Accrued benefit cost** 5,283,176 3,208,084**Note payable, net of current portion** 6,579,130 7,171,398

Total Liabilities **48,457,115** **41,368,754****Net Assets**

Unrestricted	151,355,664	138,274,755
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Total Net Assets **151,355,664** **138,274,755**

TOTAL LIABILITIES AND NET ASSETS **\$ 199,812,779** **\$ 179,643,509**

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

December 31,	2007	2006
REVENUE AND SUPPORT		
Membership dues	\$ 33,014,473	\$ 30,778,350
Publications, advertising and royalties	24,997,505	25,625,113
Annual conference	21,911,192	16,932,910
Seminars and educational programs	17,462,152	14,691,260
Other conferences	4,617,663	3,997,062
Other	3,490,104	3,488,281
TOTAL REVENUE AND SUPPORT	105,493,089	95,512,976
EXPENSES		
Program Services		
Publications	18,278,873	16,805,543
Government and public affairs	15,503,658	10,780,767
Seminars and educational programs	15,241,897	12,323,413
Annual conference	7,858,739	6,555,612
Other conferences	4,206,298	3,832,486
Total Program Services	61,089,465	50,297,821
Supporting Services		
Management and general	20,168,604	20,680,704
Membership services	15,995,911	14,217,984
Total Supporting Services	36,164,515	34,898,688
TOTAL EXPENSES	97,253,980	85,196,509
Change in net assets from operations	8,239,109	10,316,467
Non-operating Activities		
Investment income	11,148,344	14,256,189
Provision for income tax expense	(3,766,126)	(3,872,983)
CHANGE IN NET ASSETS	15,621,327	20,699,673
Effect of adoption of SFAS No. 158	(2,540,418)	-
NET ASSETS, BEGINNING OF YEAR	138,274,755	117,575,082
NET ASSETS, END OF YEAR	\$ 151,355,664	\$ 138,274,755

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31,	2007	2006
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 15,621,327	\$ 20,699,673
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Effect of adoption of SFAS 158	(2,540,418)	–
Depreciation and amortization	3,307,346	3,232,355
Unrealized loss (gain) on investments	7,743,512	(4,903,486)
Realized gain on investments	(4,151,942)	–
Provision for doubtful accounts receivable	22,029	78,801
Changes in assets and liabilities:		
Accounts receivable	(543,067)	467,864
Due from affiliates	(55,130)	(109,968)
Income tax receivable	(221,160)	(35,798)
Prepaid expenses and deposits	2,164,138	(992,580)
Inventory	24,611	(97,041)
Prepaid pension cost	119,776	517,177
Accounts payable and accrued expenses	3,695,331	(2,686,804)
Due to affiliate	(232,539)	232,539
Income tax payable	–	(83,127)
Deferred membership dues	1,468,901	1,978,962
Deferred conference and seminar fees	740,006	2,020,930
Deferred subscriptions and other	(102,362)	(8,332)
Accrued benefit cost	2,075,092	1,769,153
NET CASH PROVIDED BY OPERATING ACTIVITIES	29,135,451	22,080,318
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(4,700,146)	(2,982,837)
Purchases of investments	(160,978,117)	(15,631,881)
Proceeds from the sales of investments	136,903,249	1,600,000
NET CASH USED IN INVESTING ACTIVITIES	(28,775,014)	(17,014,718)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(556,068)	(519,096)
Principal payments on capital lease obligations	–	(71,291)
NET CASH USED IN FINANCING ACTIVITIES	(556,068)	(590,387)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(195,631)	4,475,213
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,056,231	4,581,018
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 8,860,600	\$ 9,056,231



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