



ALPHA SIGMA PHI

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FINANCIAL MANAGEMENT MANUAL

GETTING STARTED

- Set up a transition meeting with the outgoing Vice President of Finance.
- Contact your Grand Chapter Advisor (GCA/CCA) or Financial Advisor to set up a personal meeting. Use this time to run through all record keeping procedures.
- Have an audit performed within one month of taking office in order to get a better understanding of where the chapter stands as you begin your term.
- Go to the bank and place your name and the Chapter President's name on the signature card. The previous Vice President of Finance will have to go with you in order to remove his name from the account. Ensure that two signatures are needed for every check.
- Attend the Officer Transition Meeting and Shared Vision Retreat.
- Review finance resources at www.alphasig.org.
- Review past budgets and chapter financial statements.

VITAL SUPPLIES

- **GREEKBILL** – Ensure you have admin access to the chapter's Greekbill Account.
- **RECEIPT BOOK** – Available at most office supply stores. Receipt books allow you to issue receipts to brothers when they pay their fees, rent, or dues which is especially important with cash payments.
- **STATEMENT BOOK** – Can just be a three ring binder or file folder where bank statements are kept. Cancelled checks (if you receive them) should also be kept with the bank statements.
- **CHECKBOOK** – Checks are usually ordered through your financial institution. Be mindful of how many checks you have remaining; there is nothing more frustrating than waiting for more checks while the bills and late fees pile up.
- **ACCOUNTING LEDGER** – Create your own using a Excel spreadsheet and some simple formulas. You will not need anything elaborate, just so long as you can keep track of what money came in and what money went out, when it happened, and where the expense or income originated from.
- **OPERATIONS NOTEBOOK** – for all your financial records including:
 - Copies of the past budgets
 - Current chapter budget
 - Promissory Notes for indebted members
- **COPY OF MEMBERSHIP AGREEMENT** – Contracts entered into by the chapter and each brother that spells out what the costs are for the year, the expected collection dates for those costs, and the consequences for delinquency.

JOB DESCRIPTION

- Member of the Prudential Board, which meets weekly
- Serves as the primary liaison to Greekbill
- Prepares a chapter budget prior to each term to be approved by the Prudential Board and ultimately the entire chapter. Seeks budget requests from chapter officers to prepare the budget
- Inputs budget into Greekbill
- Keeps track of all expenditures and revenues and ensures that the chapter is operating within the approved budget
- Collects all dues and fees owed to the chapter through Greekbill
- Pays all chapter bills promptly through MyAlphaSig
- Provides a monthly financial summary to both the Prudential Board and the chapter
- Works with the Staff Liaison at Alpha Sigma Phi Fraternity Headquarters to ensure that the chapter is current on all bills
- Understands and pays all applicable chapter fees and member fees
- Ensures that all potential members understand the financial obligation of membership in the Fraternity (chapter and fraternity fees and dues) prior to joining
- Ensures that all new members complete the required information on MyAlphaSig prior to participating in Scene 1 of the Initiation Ceremony or within 48 hours of accepting a bid
- Ensures that all members who have not paid chapter dues in full have signed a promissory note and are on a payment plan
- Files taxes for the chapter
- Reconciles bank statements with financial statements on a monthly basis

A WEEK IN THE LIFE OF THE VICE PRESIDENT OF FINANCE

- Attend the weekly chapter meeting:
 - Introduce Budget
 - Review financial statement (monthly)
 - Distribute payment agreement (each term)
 - Announce delinquent brothers (weekly)
 - Solicit Budget Requests (each term)
 - Update the chapter's checking account ledger and reconcile bank statements (monthly)
 - Pay outstanding bills.
 - Speak with the Financial Advisor regarding non-paying members and financial problems.
 - Collect membership fees.
- Attend the weekly Prudential meeting.
- Reconcile budget with actual expenditures.
- Review Chapter account on Greekbill and MyAlphaSig with Alpha Sigma Phi Headquarters.

KEYS TO SUCCESS**FINANCIAL STABILITY**

- Have a sound budget while saving at least 8% for future needs.
- Collect all money that is billed to the chapter and to individuals.

STANDARD OPERATING PROCEDURES

- Have a receipt for every penny spent.
- Have a deposit slip for every penny received.
- Do not accept cash.
- Use checks for all expenditures.
- Issue receipts to all members for all fees and dues that they pay.
- Ensure that each time money comes in or out of the chapter's account there is a paper trail that records and explains the exchange.

OTHER

- Create budgets, remembering to include Grand Chapter, Elevate - International Leadership Conference, travel to leadership conferences, health & safety, etc.
- Have all members sign membership agreements, unless paid in full.
- Post a list of delinquent accounts receivable.
- Charge late penalty for members for late payment.
- Bill for costs associated with members writing checks that bounce.
- Encourage brothers to pay their bills in full at the beginning of the year. The chapter may offer a discount for payment in full.
- Ensure that all officers have line item budget. The more details, the better.
- Ensure that the chapter has a savings fund. Interest bearing accounts are permitted for undergraduate chapters, check with your local bank to see what the best options may be.
- File Form 990 and 990T with the Internal Revenue Service, if applicable.

FINANCIAL DOWNFALLS

- T-shirts — do not use chapter money to pre-purchase shirts.
- Budgeting for fundraising money. Usually this money will not come to fruition. Your chapter dues should be enough to cover expenses; do not count on outside sources to pay your bills.
- Budgeting for new member class. Use those fees as a bonus and to pay for expenses with the new member program.
- Buying alcohol with chapter funds — It is a health and safety violation and will only get you as an individual and the chapter in trouble. Remember you are personally liable for all money that comes in or goes out of the chapter.

BUDGET PREPARATION

A budget should be prepared prior to the end of each term for the next academic year. The budget should be broken down on a term basis to monitor the chapter's financial performance more closely. There is a budget form at the end of this manual; however, you do not need to use the form provided. Simply use the budget form as your model and use a spreadsheet program to assist you in developing the chapter's budget. The ultimate goal is to create a simple, feasible budget. Even though the responsibility of completing the budget lies on the shoulders of the Vice President of Finance, the Prudential Board should also be involved in the budgeting process. When determining projected costs, past records (last year's budget, cash journal, checkbook, and officer budget requests) will likely provide the most accurate information.

Other contributing factors include:

- Semester specific expenses (social events, insurance, formals, etc.)
- Percentage (10-15%) of accounts receivable that may not be collected
- Always put aside a percentage of the chapter funds, at least 5%, to be used for unexpected expense and well as to set up a rainy day fund for emergencies

Generally when determining the budget, it is advisable to figure conservatively for income and liberally for expenses. If you place your expenditures into different categories, it will simplify the budgeting process. Many of your needs may be identical to the categories below; however, if they are not, adjust accordingly. Calculate the chapter's projected expenses for the coming year. Then, compare that expense figure with the income the chapter would receive in the coming year if the dues/fees remained the same as last year*. No dues or fees increase will be necessary if income exceeds expenses by at least 15%. On the other hand, you have only three choices if expenses exceed income.

They are:

- Increase dues/fees paid by the brothers and new members.
- Decrease expenses.
- A combination of dues/fees increases and expense decreases.

** Do not include any fundraising money or potential fundraising money since this is not money that you have, it is money that you hope to have. In the event that anticipated expenses exceed estimated income, the proposed budget must be revised. The chapter cannot operate “in the red.” When reassessing expenses, it is advised to classify them as “discretionary” or “non-discretionary.” Discretionary expenditures are those that, if altered, will not have a tremendous impact on the chapter. These areas should not be completely eliminated; however, fewer dollars should be allocated to them. Non-discretionary expenditures are those that cannot be altered. Examples include health & safety fee, IFC dues, etc. Money must be available to pay these invoices. NEVER use funds meant for specific purposes (rent, insurance, etc.) for anything other than its stated purpose.*

The budget is a living document. Use it! Each month you should compare your chapter’s actual income and expenses to the amounts you had budgeted for income and expenses. You will never have a clear idea of how your chapter is performing unless you compare its actual performance to its budgeted performance. This will eliminate the “surprise” of being several thousand dollars short at the end of the school term.

Monthly financial statements are essential to the effective management of the chapter’s finances. If you are having problems completing a budget, you have other resources at your disposal. The first person you should turn to is your financial advisor or Grand Chapter Advisor.

CHAPTER FEES INFORMATION

FRATERNITY FEES

As the Vice President of Finance, one of your major duties is to educate the entire chapter, especially the new members, about their financial obligation of membership in the Fraternity (local and national fees and dues).

- Work with the Vice President of Membership Enrichment to ensure all new members complete the required information on MyAlphaSig prior to participating in Scene 1 of the Initiation Ceremony or within 48 hours of accepting a bid.
- Make sure that each man has paid his fees or is on a payment plan prior to participating in Scene 1 of the Initiation Ceremony.
- When financial difficulties arise and you will not be able to pay your chapter bill on time, you should contact Alpha Sigma Phi Headquarters immediately to get placed on payment plan.
- Members not paying their fees in a timely manner will be referred to a third-party collections agency for further action. The cost of sending the member to collections will be that member’s responsibility. If the member does not pay, it will become the chapter’s responsibility.
- Chapters with outstanding balances over \$1,000 and over one year old are not considered in good standing and will not be eligible to vote during Grand Chapter meetings. Chapters may regain their good standing by paying their past due amount in full or entering into a repayment agreement with the Fraternity.

ESTABLISHING A CHAPTER COLLECTION POLICY

EDUCATION

- Member and family education is a key to avoiding accounts receivable collection problems.
- Information letters should be sent to new members and their family prior to Scene 1 of the Initiation Ceremony.
- Financial obligation letters should be sent to members and families each summer outlining all dues and fees and payment methods for the upcoming year.
- Early payment discounts should be offered to those who pay full year prior to the start of the year or prior to each term.

DURING THE YEAR

- Strong written policies and an aggressive Vice President of Finance who does not let any member become lax in payment of their room and board and chapter dues will prevent accounts receivable problems throughout the year.
- Monthly billing statements should be sent to families and members.
- The chapter should have written policies regarding the collection of fees and delinquent accounts.

- Interest should be charged on delinquent accounts in the amount of at least 1% per month (12% per annum) or the legal limit for your state.
- All new members should pay all fraternity fees prior to participating in Scene 1 of the Initiation Ceremony, or complete a payment plan agreement.

ACCOUNTS RECEIVABLE PROBLEMS

If accounts receivable become a problem, the following steps should be taken:

- Social and other benefits should be denied to those who are delinquent in their payment of room and board and chapter dues.
- Accounts receivable should be marked 30, 60, and 90 days and posted conspicuously within the chapter house.
- Names of those with delinquent accounts should be read during chapter meetings.
- Chapter Council or the Standards Board should meet with each brother who is delinquent in payment of their account to discuss the situation.
- After a brother's account is 120 days past due, the chapter should consider suspending his membership until such time that his past due balance is paid in full.
- After a brother's account is 120 days past due, the chapter should seek collection through a third-party collection agency or the courts.

COLLECTING THE MONEY UP FRONT

With this system, each brother is billed for the entire term at the beginning and is expected to pay the whole amount at the time of invoicing. There are several advantages to this method. First, it immediately identifies brothers who cannot pay and may become problems. It also simplifies the Vice President of Finance's job and allows time for other responsibilities.

Furthermore, it improves cash flow at the beginning of the term. This can be extremely beneficial due to the fact that many of the chapter's largest invoices will occur in the early months of each term. This policy is no different than the one utilized by many residence halls. Provisions can be made for those who must pay in installments after being encouraged to pay at least 50% up front. Also, brothers should be given an incentive to pay their entire bill at the beginning of the term. This can be accomplished through one of two methods. First, brothers paying early would receive a 5% discount, or second, brothers choosing to pay by installments can be charged an interest of 1-2% per month. Always take the time to determine the budgetary impact of a discount payment plan before presenting it to the chapter.

CONTRACTS

A contract gives the chapter a firm legal claim to any debt and serves as an explicit agreement between the member and the chapter if a member is taken to court for failing to meet his financial obligations. The example contract available on the resource page of the Fraternity's website will protect the interests of the chapter.

PARENTS

The brother's parents should be notified after a bill has become overdue and the chapter has attempted to work with the brother yielding no results. The situation should be explained to them in writing and verbally. Ask for their assistance in clearing up the matter. Always let the brother know that you are going to contact his parents before contacting them.

INTEREST CHARGES

This offers a positive incentive to pay off the debt and helps the chapter recoup some of its losses accrued in lending the money. Care must be taken to comply with local state lending laws. Interest charges and accrual rates must be clearly explained by the lender to the lendee.

SUSPENSION OF PRIVILEGES

The chapter should consider the suspension of membership privileges if a brother refuses to pay his bill. Privileges may include the right to vote in meetings, participate in intramurals, attend official or unofficial social activities, and eat meals and live in the chapter house. It is senseless to allow a brother to live and eat in the chapter house if they are not paying. It is better to remove them to lower the overhead costs incurred rather than allow them to remain. If you invite members to not pay their bills, you set a bad example by allowing them to stay. This sets a dangerous precedent for other brothers to follow.

BUDGETING FOR BAD DEBTS

This is merely a pragmatic safety precaution and should be done in addition to other preventive measures. You should realistically evaluate, from past experience, the chapter's yearly bad debt expense and budget for that amount. If the debts are not severe, the surplus can be put into a bad debt account and drawn upon in situations where the debt is larger than the budget. Doing this will allow the Chapter to function normally even with outstanding debt. This format should not and will not allow the chapter to passively permit debt to form. Normal debt prevention measures should be executed; however, the chapter should protect itself in circumstances where those measures are not completely successful.

TAXES

Alpha Sigma Phi Fraternity and its chapters are non-profit entities; therefore, if a chapter's annual income exceeds \$25,000 per year, a Form 990-EZ must be filed with the Internal Revenue Service. The Form 990-EZ must be filed by the fifteenth day of the fifth month after the close of a chapter's fiscal year (typically May 15 or December 15). If an extension is necessary, Form 8868 needs to be submitted to the IRS by the original due date of the tax return for an automatic 3-month extension. Upon reaching the due date of the extended tax return, and you are not yet ready to file, you may request a second extension of time. However, the completion of this document does not guarantee an extension. Therefore, you should attempt to complete the Form 990-EZ prior to the deadline of the first extension in case the second extension is not granted. Late penalties compounded daily may be assessed for late submission of the Form 990-EZ! Please forward a completed copy of your Form 990-EZ to Fraternity Headquarters. If you have less than \$25,000 in gross receipts during your fiscal year, you will need to file Form 990-N (e-postcard). The due date of the e-postcard is the same as that of Form 990-EZ (the 15th day of the 5 month following the end of your fiscal year). To file the e-postcard online, go to <http://epostcard.form990.org>.

If your chapter employs people, you need to file the following documents on file for each employee:

- Form W-4: A W-4 form, completed by a new employee, indicates the deduction status of the employee, the employee's address and social security number. Copies of this form can be found at <http://www.irs.gov/pub/irs-pdf/fw3.pdf>. Similarly, a state form must be completed as well. To obtain information regarding your specific state's form, go to your state's department of revenue website.
- Form W-2: A W-2 form, consisting of six copies, summarizes the employee's earnings and taxes for the calendar year. By January 31 of the next calendar year, mail copy A along with Form W-3 should be mailed to the IRS, and Copy 1 (along with Form WH-3) should be mailed to the state, city or local tax department. The employee should be given copies B, C, and 2 on or before January 31, or upon termination. Copy D should be retained for the chapter's records. For more information or to order these forms or for additional assistance contact the Internal Revenue Service at (800) 424-1040. Your chapter can also access the forms online at www.irs.gov.

- Form I-9 – Employment Eligibility Verification: This is a form issued by the Dept. of Homeland Security to verify the new employee’s eligibility as a citizen to be employed. It must be completed on the employee’s first day of work. Go to <http://www.uscis.gov/files/form/i-9.pdf> for instructions and copies of this form. If your chapter hires a person or company to do work on a contractual basis, or expects to pay at least \$600 in rent, services or materials, you will need to do the following:
 - Have independent contractor fill out Form W-4. This form can be found at: <http://www.irs.gov/pub/irs-pdf/fw4.pdf>.
 - After calendar year has ended, you will need to issue Form 1099-MISC. Along with Form 1096, Copy A is due to the IRS by March 31st of the next calendar year. Copy 1 needs to be filed with your state/local tax department if you had state/local withholdings. Copy B needs to be given to the individual by January 31st of the following year. For more information regarding when Form 1099 is necessary and for copies of the form, please go to: <http://www.irs.gov/pub/irs-pdf/f1099misc.pdf>

ACCOUNTING PROCEDURES

Organization is one of the keys to being a successful Vice President of Finance. There are mounds of paper, invoices and financial books to monitor, and it is to your benefit to keep them current and well organized. The first step in being efficient is setting up proper record keeping. While each Vice President of Finance has his own style, the following guidelines should be considered.

LEDGER SHEETS

It is to your advantage to keep a ledger sheet. This can be accomplished by using a hard copy or by using any of the various spreadsheet programs. By doing this, an itemized listing can be kept for every transaction. This will also make the information readily accessible and understandable. A master ledger is essential a controlling element of the individual brother’s ledgers. Records should be kept to track what each member was billed for and what money was collected from each member. These separate records should also all be kept track of collectively on the master ledger. Also, this concept may be incorporated into the cash receipts journal. A hard copy of the chapter’s ledgers should be printed each month if you are balancing the chapter’s books on computer. This will prevent the complete destruction of the chapter’s financial records if the computer system ever crashes. Furthermore, a checkbook, which is balanced and reconciled frequently, is necessary for financial efficiency. This system may be included with the cash disbursement’s journal; however, it is important to note that you can never have too many checks and balances.

CLOSED INVOICE FILE

As a part of your complete financial system, a closed invoice file is recommended. Once invoices are paid, they should be placed in a file for future reference. You may want to keep a file for each vendor (Alpha Sigma Phi, Joe’s Hardware, etc.) or simply file the invoices in chronological order. Each invoice should have the check number of the check issued and the date paid written on it. Remember, never issue a check for payment unless you have a receipt, invoice, or some other form of documentation to serve as a back-up.

WHAT THE EXPERTS SAY

In an ideal world, all members would pay in full and on time. Unfortunately, we do not live in such a world. Therefore, it is important for you to have policies and procedures in place to compensate. If you are unsure of your chapter’s polices and procedures call your alumni board treasurer or review the chapter’s bylaws.

Many people believe it is un-fraternal or un-brotherly to remove a non-paying member. Actually, it is un-fraternal for him not to pay. Why?

- Members paying on time must see the benefit in doing so. If non-paying members can participate in all activities, why should other members pay?
- The chapter must operate on a cash basis. No factor has as much effect on a chapter's financial stability as the collection of members' accounts. The chapter must have cash in the bank in order to meet its expenses.
- Even a small minority of members that owe money encourages nonpayment by the rest of the chapter. This can quickly become a large problem.

There are many methods to ensure prompt dues collection. Some of the most frequently used are:

- Make bills due and payable on the first day of each term. Ideas to help collect money on time: late penalty (10%) on the 10th day if late, a letter to parents on the 20th day with a copy of the delinquent bill, suspension on the 30th day, etc.
- If a member becomes delinquent, send a letter to his parents. Include a copy of the bill and have the Financial Advisor sign the letter. Outline the chapter's problem in the collection of this amount in a personal and diplomatic manner. During chapter meetings, ask each non-paying member to stand up and explain how much he owes, why, and when he plans to pay it. Explain which upcoming events will have to be canceled should these members not pay. If they do not pay, cancel the events. You should not have to do this more than once.
- Require each member delinquent 30 days or more to attend a Standards Board meeting.
- Use membership agreements to outline the obligations of membership, and leases if the chapter has a facility.

