



HANDBOOK FOR CHAPTER FINANCES

**PSI UPSILON FRATERNITY
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SECTION I - INTRODUCTION

Duties of the Treasurer

The Treasurer is the treasurer of the active chapter and keeps the complete books of account, even in chapters where financial management is in the hands of a professional accountant, an alumni financial advisor, or an alumni board. The Treasurer's responsibilities are:

- 1) To collect all charges duly imposed upon actives and pledges by the chapter.
- 2) To deposit all funds as collected in the chapter bank accounts.
- 3) To act as trustees for fees and taxes collected for the International Fraternity, and to send those fees and taxes immediately to the International Fraternity and never permitting them to be used for local chapter purposes.
- 4) To pay promptly all chapter bills which are duly authorized and which do not exceed the chapter budget.
- 5) To make proper periodic reports of financial operation:
 - a. Written report monthly to the active chapter, alumni financial advisor and International Headquarters. Use the monthly reporting form (Treasurer Form #1 provided by International. If you are elected during the year, make sure your predecessor supplies these forms to you, including copies of prior months' completed forms. See Section VIII - Forms.)
 - b. Such reports as may be required by college or university officials.
- 6) To keep a full and accurate record of all financial transactions or to see that such record is kept by a professional accountant or a qualified alumnus.
- 7) To file the 990-N (or 990-EZ) annual information return with the IRS or confirm with the alumni organization or professional accountant that this is being done.
- 8) To attest to the financial status of members by:
 - a. Reporting to the Chapter at the chapter meeting and posting on the bulletin board, the names of all actives whose accounts are at least 30 days old.

- b. Reporting delinquent members and associates to the proper college or university officials if the institution requires this or has a policy of withholding grades or transcripts for overdue accounts.

No office is more important than that of the Treasurer. The purse strings of the chapter are in the Treasurer's hands and upon the Treasurer's judgment and efforts depend the financial operations and stability of the chapter. It is a well-known fact that financially weak chapters have difficulty attracting desirable members, with the result that there is accompanying weakness in scholarship, campus activities, and social prestige. A strong Psi Upsilon chapter always has a sound financial operation.

Whenever possible, the Treasurer should have had some background in accounting or bookkeeping.

On assuming office, the Treasurer should do the following things:

- 1) Become acquainted with the by-laws and policies of the Fraternity as they relate to finances.
- 2) Insist that the predecessor turn over a balanced set of books, a reconciled bank account and a balanced cash account.
- 3) Obtain from predecessor copies of all previously submitted Treasurer Form #1.
- 4) Promptly schedule a meeting with the chapter's alumni financial advisor. If the alumni association does not have such an advisor, ask them to find a competent alumnus who will meet with the Treasurer on a monthly basis.
- 5) If the chapter has an accountant, schedule a meeting. Have the accountant explain his present system. Don't let the accountant lock the chapter into his system. This manual is designed to give the Treasurer a financial management system specifically designed for a fraternity chapter. Have the accountant adapt to this system.
- 6) Provide the bank with the signatures of the President and the Treasurer and whatever document is required to show that they are the duly authorized officers to sign checks for the chapter.
- 7) Secure as much assistance as possible from predecessor during the first month's operations.
- 8) Have an assistant appointed who can help with the routine work (such as posting).

How to be a Successful Treasurer

- 1) Meet with your alumni advisor monthly. This is the most important thing that can be done to make chapter finances successful. These meetings should be set on a regular basis, e.g. the first Monday of each month.
- 2) Complete Treasurer Form #1 at the end of each month. Supply a copy to your alumni financial advisor, post a copy on the chapter bulletin board and send a copy to the International Headquarters if you need assistance.
- 3) Never let the work accumulate until the end of the month. Do a little every day and the workload will be much lighter.
- 4) Deposit collections in the bank promptly. It is dangerous to keep large sums of money on hand, and checks may become no longer collectable. Whatever system of bookkeeping is used, all receipts must be deposited and always deposit all cash on hand on the last day of each month.
- 5) Give a receipt (made in duplicate) for every item of cash received.
- 6) Do not pay out money without proper authorization from the President, and checking with the person in charge of a department, such as the Steward, Social Chairman, House Manager, etc. Take a firm stand against purchases being made by officers and members without the sanction of the Treasurer. And always adhere to the Chapter budget!
- 7) If a member does make a purchase, make sure that the member presents a receipt for anything purchased. This is the only way to ensure that the money was spent in an appropriate manner.
- 8) See that members' accounts are collected promptly. An aggressive policy here will pay large dividends. Remember that a chapter can soon find itself in serious financial difficulties if members' accounts are not paid promptly.
- 9) Pay the chapter's bills promptly. Establish good credit record among tradesmen.
- 10) Have the books balanced at the end of the month. If an accountant is employed, turn all records over to him promptly.
- 11) Adopt an active rather than passive role in the financial management of the chapter. Be on the alert to guard the treasury, eliminate waste and extravagance and safeguard the chapter's property. This will require cooperation with the other officers.
- 12) Show no favoritism. A good Treasurer cannot have a double set of standards.

Practical Tips on Financial Operations

- 1) Who contracts for goods and services? Within the budgeted allocation, the House Manager is responsible for purchasing supplies and minor tools and contracting for minor repairs. The Steward is responsible for the purchase of dining provisions, kitchen utensils and other supplies unless such authority has been granted to a cook or resident advisor, in which instance the Steward would periodically check the activities. On general chapter needs, it would be the Secretary who would order necessary chapter forms and supplies. And on the social front, it would be the Social Chairman who contracted for the band, refreshments and favors or other services and goods in connection with the social program. In like manner, if the purchases of ritual equipment were provided in the budget, the President or Ritualist would be responsible, the Membership Recruitment Chairman for rush expenses, etc.

In all instances, however, the Treasurer, with the support of the Executive Council, is the guardian of the chapter's funds, and is charged, by virtue of the office, with the responsibility for the disbursement of funds within the limitations of the chapter budget.

No member or officer not specifically authorized has the right to make any purchase or contract for any service in the name of the chapter, and should one do so, the chapter would be perfectly within its rights to invoke a proper penalty upon that person.

- 2) Who pays the bills? The Treasurer is responsible for the payment of bills. In order to safeguard the position and also to observe the laws of the Fraternity, however, there should be a co-signer for every check drawn on the chapter account. Such co-signer should be the President or the Alumni Financial Advisor, if the chapter operates with such an advisory system. All large accounts should be paid by check. Only minor disbursements should be made out of a separate petty cash fund.
- 3) Keep accurate records. Not only the chapter records, but also the records given to members in the form of invoices and receipts are important. A sloppy Treasurer who keeps inaccurate or insufficient records could easily embarrass many members of the chapter if, in later years, inaccurate records should fall into the hands of others and it appeared they had uncollected receivables.
- 4) Handling "bad" checks. When a member bounces a check, give him the benefit of the doubt once. The members will insist the bank made a mistake. Thereafter, impose a \$20.00 fee for every bad check.
- 5) What about fines? Fines are perhaps the weakest form of punishment, but sometimes the only alternative. To be effective, a fine must fulfill these conditions:

- a) It should be timely. Require that payment be made within 48 hours. If it's on next month's bill, it won't hurt as much as it will right now.
 - b) It should be large enough to be a genuine punishment.
 - c) Pre-set fines, to be effective, must serve as a real deterrent. It must not seem like an acceptable "price" to pay for an inappropriate action.
- 6) When to increase charges. First, when you work up a budget that doesn't balance and you've cut estimated expenses as far as you can. Second, you should raise board and room charges every time the college raises these rates for the dormitories. The college employs experts to study costs, and when these experts find that it is necessary to raise the prices of food and housing for the following year, we should pay attention. Keep your rates competitive with the dormitories and other fraternities, but don't sell yourself as a "cheap" fraternity. Actually, charges that are average or slightly higher than average can be used as a stronger selling point than simply being the "cheapest fraternity on campus". It costs a little more to go first class. Experience tells us that selling "cheap fraternity" can attract those who do not consider the paying of bills a priority.
- 7) Pledge/Associate Member dues. Should be exactly the same as active dues. The Pledge/Associate Member has the same social activities, sports and recreation facilities available as does the active member.
- 8) Charge a parlor fee. Out-of-house brothers use the living room, chapter room, recreation room and other common rooms and should be charged a parlor fee (over and above dues) for the use of these facilities. The amount to charge depends upon the individual chapter, but \$100.00 to \$200.00 a semester is not out of line.
- 9) Take your discounts. Some suppliers will offer a discount of 1% or 2% if the bill is paid within 10-15 days. Check each statement and take all discounts. They add up. Conversely, some suppliers add a charge of 1% or 1 1/2% if a bill is not paid within 30 days.
- 10) List of suppliers. Make up a list of suppliers, with addresses, phone numbers and emails and keep it handy. Limit purchases to as few suppliers as possible and where you can get the best deals. Shop around and compare prices.
- 11) Buy in bulk. Discounts are usually available when you buy in large quantities. Find out where the price breaks are.
- 12) How many officers are paid? The best policy is to pay none of the officers, elected or appointed. If the Treasurer keeps all the books and makes up the monthly statement, he might receive board, room or dues, depending on whether or not the chapter has a house and serves meals. He should not take his compensation until after the monthly statements for the preceding month

are completed. If the chapter employs an accountant, the Treasurer should not be compensated. Rarely do the House Manager's duties warrant payment for the office; if payments are made, they should never be in cash. Use a reduced chapter bill. Check the information later in this manual concerning withholding federal tax for paid officers.

- 13) Size of kitchen crew. The number of members required to serve as waiters and dishwashers will vary according to the number of people eating at the house. The correct ratio is 1:10, i.e., one kitchen crewmember for every ten people at any meal.
- 14) Should the kitchen crew be compensated? If the chapter can afford it, yes. A paid crew generally performs better than volunteer help or actives and pledges who rotate duty, and you don't have to train a new crew every week. It also saves wear and tear on the nerves of the cook.
- 15) Reconcile the bank statement every month. It only takes a few minutes. Instructions are included at the end of this manual.
- 16) Set up a petty cash fund. This is for small disbursements only. Instructions for administering such a fund are included at the end of this manual.
- 17) Prepare for the Chapter Consultant's visit. Before the International Director arrives, post all your books up-to-date, and make all records available to him, including your budget and the latest financial report and bank statement. On the day he arrives, please have the following figures ready for him:
 - a) Chapter budget and year-to-date actual;
 - b) Cash on hand;
 - c) Cash in the checking account;
 - d) Cash in the savings account;
 - e) Current accounts receivable (members in school);
 - f) Alumni accounts receivable;
 - g) Accounts payable;
 - h) Original mortgage on the house;
 - i) Present mortgage;
 - j) List of all current actives and pledges owing money and the amounts.

Note: You will probably have to get some of this information from the house corporation treasurer or other reliable sources.

- 18) Contract for Cook and Resident Advisor. Always a good idea and frequently required by the institution. A sample of such a contract can be found in Section VIII.
- 19) Do not destroy voided checks. All checks should be pre-numbered, and you must account for every one. If a mistake is made on a check, write “VOID” across the check and the check stub; tear off the signature portion of the check and destroy it; staple the voided check opposite the corresponding check stub.
- 20) Use of purchase orders. Some chapters require that everyone making a purchase for the chapter have a purchase order signed by the Treasurer. This is a good idea and makes it easier for the Treasurer to control expenditures. This is especially important where an employee such as a cook or resident advisor is making the purchases. Except in exceptional circumstances purchase orders should be used. A form for purchase orders is included in Section VIII.

Professional Assistance

The International Headquarters recommends that any chapter owning real property (that includes mortgaged) should employ a professional accounting service, or have the reports audited by an alumnus or faculty member. Have them use the financial management system in this manual. In all chapters, an alumni financial advisor should be used in addition to a professional accountant.

Paying the International Fraternity

You, as chapter Treasurer, must realize that all membership fees and taxes are for the International Fraternity. You are only a trustee of these fees. Collect them in a timely fashion and forward a chapter check to the International Headquarters to cover the fees. Convention resolutions provide for an interest fee of 1% per month for each assessment not received by the International Headquarters on time. For Liability Insurance premiums, there is a 25% penalty for premiums not paid by the October due date.

Until the International Office receives the fees, those initiated are not Brothers and are entitled to none of the privileges of membership. In addition, and because you are responsible, as a trustee, for the collection and payment of the fees and taxes, you could be held personally liable for your chapter’s bill to the International if it is not paid.

Your chapter’s assessment in taxes and fees are due on October 1st of every year and the mid-year report and fees are due on February 15th of every year. The Chapter Services fee is due in two installments – the first half due on November 1st and the Final payment on March 1st.

Often chapters use the International Headquarters to prepare newsletters and perform other services. Postage must be prepaid and the chapters are then billed for the other costs

incurred. This bill should be treated like any other. It should be paid as promptly as the utilities and groceries.

Chapters also order jewelry and supplies from the International Headquarters. Payment must accompany these orders.

At the annual Convention, any chapter in arrears to the International Fraternity will be denied their votes.

Coverage for General Liability Insurance Coverage is also provided for the through the International Headquarters. Premiums to be paid to the International are due no later than October 1st. Convention resolutions clearly state that premiums not paid on time can result in the chapter's finances being placed in the control of the International.

House Residency Requirements

What policies should a chapter have with regard to requiring Brothers to live and eat at the house? Unquestionably, the most solvent chapters are those whose houses are full and whose tables are serving at capacity. It is recommended that, where space is available, all Brothers shall live in the chapter house unless they are married, live at home, or are required to live in college dormitories. An alternate plan is to pro-rate the loss of income on vacancies among those who are living out and who could live in. Secondly, chapters should require all members to take or pay for a minimum number of meals per week or month at the chapter house. This is not only sound financially, but is sound fraternally, for nowhere is more chapter harmony and brotherhood exemplified than in the house and around the table.

All chapters should require house residents to sign a room and meal contract, co-signed by a parent or guardian of the member. A sample contract can be found in Section VIII. This sample contract can be copied and used as shown.

The Monthly Financial Report

At the end of each month, complete Treasurer Form #1. Sets of these forms are provided by the International Headquarters at the beginning of the school year.

At your regular meeting with the alumni financial advisor, review the most recent report. Post a copy on the chapter bulletin board.

After this report is completed, thoroughly review it. Use a red pen to indicate trouble areas or "red flags." Discuss these red flags with your alumni financial advisor and develop a plan to correct them. See the Income and Expense Statement in the Budgeting Section for an example of a "red flag."

SECTION II - BUDGETING

Introduction

Budget (development and tracking) is the most important job of the Chapter Treasurer. The budget becomes the “road map” for your chapter. In developing the budget, you are telling the chapter just what programs can be financed and when (social, rush, quality/ quantity of meals, alumni events, etc.) In tracking the actual expenses against the budget, you are showing the chapter where it has been and what adjustments must be made in the future.

The importance of budget development and tracking cannot be over-emphasized for the successful operation of your chapter. Through Treasurer Form #1, we have tried to make this as simple as possible. There are two situations that led to a financial crisis at Chapters:

Checkbook Accounting: A chapter operates without a budget and only the balance in the checking account is considered. In this situation, the chapter tends to overspend on social activities when the balance is high. With a proper budget, the chapter would realize that the current high balance is needed to cover either future expense months (example, utilities in January), or future low-income months. With a proper budget, a future crisis is avoided.

Full Year Budget Only: An adequate budget is prepared in September to cover the entire year. However, the budget is not broke down by calendar quarters. During the first few months, the chapter has absolutely no idea if yearly budget income will be obtained, or if yearly expenses are held in line. Only in the last two months will accurate tracking emerge. By the time, “red flags” go up all over the budget form.

The Proper Budgeting Procedure:

Develop a Budget for the entire year, then break the budget down by calendar quarters.

Develop Your Budget

Overview

- First: Use Treasurer Form #1 to develop a tentative “Total Year Budget”.
- Second: Break out the total year budget into calendar quarters.
- Third: Present this budget to the Executive Committee for review and comment. A written explanation of each item should be prepared for Council use. Revise your budget according to the Executive Council consensus.
- Fourth: Present the modified budget to the alumni financial advisor and thoroughly review it with them; use the advice.
- Fifth: Present the finalized budget and breakout to the Executive Committee for its approval.
- Sixth: Present the final budget to the chapter for approval. Copies of the budget should be posted on the chapter bulletin board prior to chapter discussion and vote.

Total Year Budget

Begin by familiarizing yourself with the budget format in Treasurer Form #1. We attempted to list all possible income and expense items for chapter operations. If it is impossible to categorize items, which are unique to your chapter, we have provided miscellaneous categories, for each area. Footnote “special” miscellaneous expenses.

Budget expenses are usually divided into sections called **House** operations, **Kitchen** Operations, and **Chapter** operations. Room rent, parlor fees and a reserve fund are income allocated to house operations. Board income is allocated to the kitchen operations, and monthly dues and fees are allocated to chapter operations. It is unwise to have special assessments unless the chapter votes to expend monies for items not provided in the budget. Only the Executive Committee, the Alumni Association or the Alumni Advisory Board should initiate changes in the budget. Expenditures voted outside the budget by the chapter must be met by assessment.

It is good to practice to start by developing expense items, first. Look to past chapter expenditures as a starting point. If the prior Treasurer has provided you a good set of accounts, this will be easier. If not, take what records you can obtain (probably the checkbook) and break out these past expenses into the numbered accounts. Then add additional amounts for new or expanded programs. Remember to adjust for inflation, and for increases you know are coming like utility rate increases or property tax hikes.

Now take stock of your sources of income-which includes the various categories of personal as to the services they receive. Some live at the house and eat at the house. Some may live out of the house but eat at the house. Some neither eat nor live at the house, but use the facilities for study, recreation and social functions. Therefore, those who live at the house should pay room rent in relation to the portion of costs for that area of operations. Those eating at the house should pay board in relation to the cost of maintaining the boarding club, including the rental of floor space used for the kitchen, dining room and food storage. All should pay reasonable dues to cover the cost of general chapter operations in connection with campus and social activities, membership recruitment and chapter business.

Treasurer Form #1 contains an explanation and examples for each budget form category. Section III of this manual goes into further detail on some categories. Budgets must be realistic. All of the elaborate computations and good intentions in the world will not alter a situation where anticipated income doesn't equal or exceed expense. When the various departments expense totals are divided among the people who receive the benefits and the individual allocations appear to be too high there is a choice to be made. The chapter must either eliminate some expense by cutting back on variable expense items or it must increase membership in order to reduce pre-member costs. If the latter choice is made, the individual charges still must be increased until needed members are secured and the income is being received. Good recruiting results will bring an immediate increase in income. Good fraternity education and scholarship will extend it, for in some cases they are necessary for initiation and continued association.

A fundamental principle in budgeting is to ESTIMATE INCOME LOW and ESTIMATE EXPENSES HIGH. It is wise to budget house residency at something less than capacity, e.g., for 40 people paying room rent in a 45-bed house: if the chapter normally takes 30 new members, budget for 25, etc.

A second principle is to budget for a 10% gain in operations. If you make it, you're in good shape. If you don't make it, at least you should break even.

It may be necessary to revise the budget at some time during the year in order to take into account new and unforeseen factors. The fact that an expense item is in the budget does not mean that the amount must be spent because changing conditions may not warrant the expenditure.

A well-kept file of monthly financial reports, past budgets and other statistical data on cost will make it possible for future Treasurer to make their budgets with ease.

Calendar Quarterly Breakout

After the Total Year Budget is prepared, it needs to be broken out by calendar quarters. Only through this breakout will future tracking of the budget be productive.

Most of the chapters begin school the last week of August. Therefore, your first quarter may be a week or so longer than three months. Start with the beginning date of school.

Example: School begins August 23

Term 1 Budget: August 23-November 30.

Term 2 Budget: December 1-February 28

Term 3 Budget: March 1-May 31

Term 4 Budget: June 1 - August 22

Now begin to break out the quarters. Look to past expenditures for both income and expenses.

1. Room Rent: You should know from past expenditures how much rent was charged to each member. Then adjust this for inflation. Break this out for each school year. Take into account normal attrition (people leaving the house). By the spring, your occupancy may be lower, so budget accordingly. If you budget for a full house all school year you need to make sure that it stays full. A drop in occupancy should immediately raise a “red flag.” Corrective measures would be to increase the rent, decrease expenses, or fill up the house. What about summer renters?
2. Parlor Fees: Do you anticipate pledging more live-out members during the year? Budget for them. This helps establish rushing goals.
3. Reserve Fund: Should track with the number of members and pledges. If the chapter usually starts off with its yearly maximum and then declines, budget with this in mind. The opposite may be true of your chapter.
4. Dining Room: The same procedure holds.
5. Social Fees: These are usually fixed for the school year. What about summer?
6. Active and Pledge Dues: Will track according to membership level.
7. Assessments: Do you have special assessments for formal events or membership recruiting? Budget them.
8. Vending Machines: Past history should tell you when your machines generate the most income.

9. Donations: When does your chapter ask for Alumni contributions? Again, your budget will provide the target dates when contribution requests must go out.

House Department Expenses:

10. Rent: Contact your property owner (House Corporation, school, etc.) for a breakdown of the year's rent. Rent is a fixed item, with little room for adjustment during the year, except for insurance and property tax increases.
11. Utilities (Gas, Water and Electricity): Find out what past expenses have been. You may wish to contact the appropriate utility company to find out your payment record, and also to inquire about possible rate increases. There is a big difference in gas and electricity use during the hottest and coolest times of the year. Your budget should reflect seasonal differences in utility costs. For example, if gas bills normally run \$300.00 per month during the fall and \$900.00 per month during then winter, your budget for the winter should reflect this change. You may have to carry over a reserve of some kind from the fall in the order to cover this expected extra expense.
12. Supplies: These expenses usually are heavier at the beginning of school when supplies are replenished. Supplies are acquired on a cash basis: there is no need to inventory supplies. Use common sense though. Some items can be bought for less if purchased in bulk, but there is no need to acquire more than a couple of months of any item. Too much of a supply encourages waste and "shrinkage" and any benefit from buying in bulk is lost.
13. Depreciation: Should track with membership levels.
14. Repairs: Look at the past expenses. Also take a physical look at the house: Will the roof need repair, hot water heater, furnace, and kitchen etc. and when? Review this with your House Corporation or owner. Also budget for routine inspections on heating and cooling systems.
15. Grounds: Snow removal, lawn and seasonal care.
16. Reserve fund: Should track with membership levels.

Dining Room Expenses:

17. Food: Should track with membership levels. Budget for special meal events.
18. Supplies: See #14.
19. Laundry: Should track with membership levels.
20. Garbage: Do you pay a fixed amount? Is it year round?

21. Salaries and Taxes: Are these fixed for the school year? What about summer?

Chapter Department Expenses:

22. Alumni: In what months do you plan to expend funds for alumni contribution requests, newsletters, and alumni events?
23. Athletics: In what months are fees due for intramurals? What about uniforms and equipment?
24. Campus Fees: When does the IFC charge dues? Are there other campus fees due?
25. Psi Upsilon Fraternity Convention and Leadership Institute: This occurs every August. Does the chapter reimburse the delegates travel? Does the Alumni Association reimburse the delegate? What semester is it budgeted for?
26. Retreats: When does the chapter hold retreats?
27. Pictures: When is the chapter composite taken? What other pictures does the chapter cover?
28. Insurance: When are premiums to the International due on liability insurance? Your Alumni Association includes this rent, but if not, you will have to include it as a separate budget item. The International Office should have some rough estimate of the cost per member by the convention so check with them.
29. Salaries and Taxes: When are officers paid? What about maintenance people?
30. Publication: Any special programs that require publication during the year? (Calendars, community service, pledge education)
31. Office Supplies: Usually are early-year expenses.
32. Membership Recruitment: Look to past expenses. When is money spent on rush?
33. Social: Ask the social chair for a breakout of parties and anticipated expenses. When is the formal? Summer Social?
34. Telephone: Should be fixed throughout the year. The only variable is long distance, which correlates to membership levels and vacation schedules.

35. Accounting: What does your accountant charge monthly? Is there an annual audit fee?
36. Bad Debt: This means debt owed by members and others to the chapter that probably can't be collected. It is usually written off at the end of the budget year.
37. Membership fees and Taxes: When are fees collected and when are they sent to the International Office?

Net: Your chapter should show a good profit in the first and second quarters, which should be carried over because a smaller profit, or loss may arise in the last two quarters.

Income-Expense Statement

Example: Treasurer Form #1

Income -Expense Statement

Once the yearly budget is prepared, it is then broken into quarters (see prior discussion in this handbook). Each month when the actual figures are totaled, they are shown on the Income-Expense form. In the example, the first quarter is complete, and second quarter is 2 of 3 months complete. The figures in the actual column for term 2 are for two months.

1. Room Rents: Budget 20-bed capacity - \$2500/bed school year, plus summer rent. Red Flag- house not at capacity until January when 2 pledges move in.
2. Parlor fees: Budget 10 outside brothers for the school year, plus 15 new members paying this fee beginning January. Actually 12 brothers were live-outs, and the chapter took 22 new members.
3. Reserve funds: \$20/month/member. Budget to increase January 1st because of expected pledges. Equal reserve fund expense.
4. Dining room: Tracks membership levels.
5. Social and Dues: Track membership levels. Social is \$250.00 /semester/member and dues are \$200.00/semester/member.
6. Donations: Through budgeted mailings to alumni, the chapter expects donations. The letter went out late, therefore this income was delayed, as were the expenses of the mailing; therefore Red Flags in both categories.
7. Rent Expense: Set by House Corporation at the beginning of school.
8. Food: Budget for membership levels and vacation. Red Flag because the chapter overspent in the fall, but this was corrected in December and January.
9. Budget historically.
10. Salary: Red Flag-because old cook quit and new cook costs more.
11. Budgeted on past expenses. Note social expense track, social income based on set amount.
12. Telephone: Red Flag-because of excessive unclaimed long distance calls. Possible action - install pay phone.

13. Psi Upsilon Fraternity fees: Chapter budgeted for 15 new members in December and 13 initiated in April. Actually the chapter took 22 new members and should initiate at least 18.

SECTION III – SPECIAL AREA

Who Pays for What?

All brother and pledges, whether they live in or out of the chapter house must pay a “fair” rate to cover expenses of the chapter. The rate must be fair both within the chapter, and when compared to other living options (dormitories, other fraternities, apartments).

Examining the Budget Form D, you see that expenses are broken into three departments:

House Department Expenses should be paid from room rents and parlor fees. And a percentage of dining room income to cover dining utilities and possibly floor space.

Dining Room Department Expenses should be paid from dining room income, with a percentage of dining income to support utilities and floor rent.

Chapter Department Expenses should be paid from social fees, active and pledge dues and assessments/vending/donations.

Using these departments as a starting point, you can determine what members should be charged what amounts. Let's start with the Chapter Department and work backward.

Social Fees-Active/Pledge Dues

Social fee income should equal social expenses. Each member (active/live-in/live-out) should be charged a set social fee each month. All members have the opportunity to participate in social activities and all should share the cost equally. (Remember social fee income/expenses will vary with membership levels).

Assume you plan a social budget of \$9,000 over a nine-month period (\$1,000/month). With 50 total members and pledges each would pay a social fee of \$20/months.

The remaining Chapter Department expenses are similarly divided among all members to arrive at active and pledge dues.

Assessments/vending/donations also help support the Chapter Department. Therefore, social fees and/or dues could be adjusted downward.

Dining Room Income

The fees from members eating meals should generate enough income to meet all Dining Room Department expenses, plus leave a surplus to support the dining room percentage of utilities and rent. Each chapter handles meal plans differently. There is not set formula on what plan or payment structure is better. The main concern is the bottom line. Talk with your Steward, Resident Advisor and Alumni Advisor to determine what plan and fees are appropriate for your house.

Room Rent, Parlor Fees and Reserve Fund

These support the House Department (less a percentage from dining operations)

Start with the reserve fund income, which will equal reserve fund expense. Most members do not realize they are enjoying the benefit of the savings of generations of Psi U brothers in the form of the house and furnishings. The rent you pay your property owner (house corporation, University, etc.) probably includes an additional charge for reserve funds. This way the property owner can replace the property as it wears out over the years. It is good practice for the chapter to follow this policy in its operations. The chapter's reserve fund can be used for new furniture, decoration, or special purchases. Each chapter should have a by-law provision whereby each member, regardless of where one lives, pays \$20/month or more to the chapter reserve fund. This fund should be held in a high yielding account and require the signature of the President and Alumni Advisor before it can be withdrawn. You should determine the amount per member, and whether it is charged for twelve months a year or less.

Determining what to charge in room rents and parlor fees is mainly an objective process. Since those members who live outside the chapter house have an opportunity to use the facilities, they should pay for a portion of the House Department expenses in the form of parlor fees.

Look at university dorm rates, rates of other fraternities and apartment rates for comparison. At your campus, a live-in rate of \$500, \$600, \$700 or more may be comparative. Next, divide the remainder of the House Department expenses equally among live-outs, and charge this as parlor fees. Then determine if one is out of line. Fine-tuning will probably be needed. If both room rates and parlor fees are well above campus averages, your only solution is to pledge more members.

Additional Comments on Room Rates

1. The sample housing contract in this manual is for a school year term with payments due throughout the school year. It is recommended that you try to receive more of this yearly rate toward the beginning of the school year. In this way, your chapter is (a) guaranteeing that your later month's rent will be collected and (b) more adequately matching income with expenses. Example: School begins August 23 and ends May 10th - if you charge nine equal month's rent (September-May), you are not matching income to expenses. Income is delayed until the short month of May, while expenses have been higher earlier in the year and lower in May. It has happened that

some members move out rather than pay a full house bill in May, which in reality they use for only 10 days. Shift the May bill to the earlier months of the school year. A similar shift should occur for months shortened by vacation periods. Remember that the dining room charge should also follow this pattern. In fact, it is a good practice to adjust payment of all fees and dues toward the earlier school months.

2. Most housed chapters have a variety of room sizes and sleeping arrangements. A member who enjoys a single room should pair more rent than one who shares a triple. One interesting solution is to charge by room size (each room is a separate economic unit). Each month that room must pay \$X no matter if one, two or three people live in it. Large rooms would have a higher price tag. This will help in two ways. First it guarantees that each room will produce a certain amount of income. If one roommate leaves, the remaining roommate will work to fill the space. And second, this will help increase recruitment activity in those houses that usually fall short of capacity. It has happened that brothers with seniority have cut short their recruitment efforts so that they can have a single room.

Social

The social chair should present to the Executive Committee a tentative calendar of the year's social events. Included with this plan are budget needs. This will help the treasurer establish the budget for social income and expenses.

The social fund should have a separate checking account. Each month the treasurer should write a chapter check to the social fund based on the membership level and monthly social fee. The treasurer should withhold transfer of the social fees for members who have any accounts receivable no matter how old or new the receivable.

The social chair becomes responsible for meeting the social budget. This includes saving for special events later in the year. Each month the treasurer and Executive Council should receive a financial report from the social chair.

Contracts

The use of contracts for membership housing and employees (housemothers/cooks) is strongly recommended. By using contracts, all parties will know exactly what is expected. Contracts also give the chapter a solid legal position if the time ever arises for collection of house bills or firing an employee.

Housing Contract

A recommended sample of the housing contract is found in Section VIII. This contract is specifically designed to cover aspects of fraternity operations. This contract can be modified to fit the particulars of your chapter, or can be reproduced as is. Every member

who resides in the house should sign a housing contract. This is for the protection of the chapter. Its use will eliminate confusion and is a strong tool if collection actions must be instituted.

The contract is designed for a school year. If the member will only reside in the house for a semester, the term of the contract can be filled in accordingly. The contract is for the total house bill (including food) for the entire year. Payment of this total house bill is broken into installments.

It is strongly recommended that a parent-guarantor sign each contract. A copy should be given to the student and guarantor, with the original filed in a safe place.

Insurance Coverage for Chapters.

This will give you a basic idea of various types of insurance; some coverage you will need and others you won't. Each a state/province has its own set of rules and laws governing your situation and the person who best knows this is a qualified agent in your community. Since there is little difference in cost by the various companies, it would be wise to choose an agent of long standing and give that agent your confidence.

Building and Contents - All Risk Coverage: Most people recognize the need for fire insurance especially if there is a mortgage or other lien on the property, which requires such insurance. Check with your alumni advisor regarding this insurance.

All-Risk Coverage covers all perils except for those that are specifically excluded. Two common exclusions are earthquake and flood coverage. Therefore, such coverage should be endorsed if the property lies on a fault zone or in a flood plane.

Most such policies have in the contract a clause referred to as the coinsurance clause. It might show any of several percentages; however, either 80 percent or 90 percent is usual. In simple language, this means that the owner (assured) agrees to carry coverage in an amount equal to 80 percent or 90 percent of the value of the property so insured. We recommend having the co-insurance clause waived through an agreed amount endorsement. This typically can be done at little or no cost.

Property insurance can cover either the actual cash value of the property or the replacement cost of the property. The actual cash value take depreciation and physical obsolescence into consideration. Chapters should consider purchasing Replacement Cost Coverage for buildings and contents. It is important to get coverage that does what you want it to do.

Failing to carry enough insurance can be very costly in that at the time of loss, the owner finds out he will collect only a part of his loss. Therefore, it is very important to be sure of the values being used, and most importantly to employ an agent who fully understands your situation. Contents of these buildings are usually insured in the same way and under the same contract. Very important and valuable objects of art, silver, jewelry, camera

equipment, etc. can be individually insured and it is recommended that when this situation arises you should consult your agent or broker.

Where a building is occupied, but not owned, Fire Legal Liability might be necessary in order to protect the tenant or occupant against a possible subrogation claim by the primary carrier of the building coverage. This could easily be the case where the occupant, who through carelessness or otherwise, caused the loss. If by chance you are making major alterations or constructing a new building, it is further recommended that all such plans be reviewed by a competent agent, a consultant, the consultant's company engineer, and the local fire authority before actual work begins. Many tips from these sources have saved many dollars in premiums over the long run.

Rents, Glass: Also in this category you can cover your expected Rents in case of fire, etc. Since most houses are usually supported by room rents as a major source of income, it is recommended that such coverage be secured and in amounts expected to do the best job for you. Many modern buildings have a lot of glass, both structurally and late. This can be insured specifically and should be. We are not talking about the average window pan, but expensive plate glass.

General Liability: This kind of coverage is as important in many ways as the Physical Damage coverage. In August 1988, the Executive Council of Psi Upsilon and the General Convention agreed to purchase this type of insurance for the Fraternity. All chapters, therefore, are required to have this insurance through the Psi Upsilon International Office. Only chapters that are required by their college or university to have a policy through them do not have to participate in Psi Upsilon's General Liability Policy, but must offer coverage to the International Office and its officers and directors. The limits of Psi Upsilon's General Liability coverage are \$1,000,00.00 per occurrence subject to \$2,000,000.00 per location.

The Commercial General Liability policy (CGL) provides protection for bodily injury and property damage for which you might become legally liable and agrees to defend and protect you against all suits, regardless of their merit or foundation, subject to policy exclusions. Coverage is provided for liability arising out of your premises, and liability arising out of your products. It also covers liability that might be imposed on you because of the negligence of an independent contractor if you should be joined in a suit against such an independent contractor.

Auto: Non-ownership Automobile Liability Insurance is most necessary and while not overly expensive, it can be worth every nickel paid and more. Limits should be just about as high as can be obtained. Once the base is paid for, the increased limits come rather inexpensively.

Worker's Compensation: (Also known as Workman's Comp.) Most states have laws covering hired help usually referred to as worker's compensation laws. In New York and Pennsylvania, if an assured has three or more employees, it is required that the assured obtain worker's compensation coverage. The premium is based on the employee's

compensation and classification of job that he holds. This policy should also cover the employer's liability. A common limit maintained by many chapters is \$500,000.

In very simple language, the workers' compensation policy agrees to pay all employees for any injury, regardless of negligence, as required by law. Benefits are prescribed and scheduled with all such payments being the maximum that the employee may collect from the employer for injuries.

Any chapter, which has one or more employees, should have a workers' compensation policy if it is available in your state. Again, a competent agent or consultant is your best source of advice and information on this subject.

Other Property and Casualty Exposures: The above coverage would be considered to be essential or basic; however, there are many other types, should they be applicable to your particular needs. The following list includes some of the other types of coverage:

1. Time Element Coverage - similar to rents cover.
2. Business Interruption Insurance - for those who have large payrolls and business expenses.
3. Fidelity Insurance and Safe Burglary
4. Accounts Receivable Coverage
5. Improvements and Betterments Coverage - for those who rent and add substantial value by painting, fixing, etc.

CHAPTER HOUSE MAINTENANCE

The chapter treasurer should, as chief business officer of the chapter, oversee all maintenance expenditures for the chapter property. In every chapter there are some areas that seem to fall between all officers and in effect, no one looks after them. One of these operations is that of checking the house fire extinguishers. Although the house manager may do the work, it should be the responsibility of the treasurer, to see that at least twice a year, the fire extinguishers are checked. At this time the treasurer must determine whether they are charged and in good operating condition. There is nothing more frustrating, and no more helpless feeling, than having a fire and a fire extinguisher in your hand, and finding that the extinguisher is useless.

Emergency repairs are another area where the treasurer should be prepared to fulfill his responsibilities at once. These emergency repairs are frequently in the plumbing. It is a wise policy to have the name of a good plumber handy and readily available. It is even better if the plumber has previously done work for the chapter and knows that the chapter pays its bills, hence the plumber is willing to respond to an emergency call.

Emergencies sometimes arise in the area of heating or furnace operation. A broken furnace in very cold weather needs immediate attention. Here, again, knowing a responsible heating contractor ahead of time saves wasted money and time in a period of emergency. It should be remembered that the plumber or heating person who is called at home in the evening or on the weekend is going to charge the chapter over-time rates. If at all possible, the calls for service should be made during the regular five-day workweek. If the emergency is on the weekend, then only a minimal amount of work should be done at that time to hold the situation together. Then the completion of full repair is accomplished in the normal workweek.

Most responsible contractors can be found by looking in the yellow pages of the phone directory. Nothing is better than getting competitive bids if at all possible. It is often amazing how wide a range of prices will be submitted. This is particularly true among painting contractors. Remember that in obtaining bids, you are saving chapter money as the low bidder has saved you the amount between his bid and the highest bidder. A supplier or contractor may not be interested in your job and hence submits an exorbitant price.

PAINTING: Every chapter house should have its exterior painted at least every third or fourth year. It should be the responsibility of the treasurer to look over the house with an eye to determine if it needs painting, and if the gutters are in need of attention. It is a very easy thing for the chapter to ignore this kind of maintenance until ultimately the expense is greater when rotten wood has to be removed and carpentry repairs become the order of the day. Stopped up gutters and downspouts also will rust and rot out much more rapidly than those that are clean.

There are probably very few fraternity houses that do not, from time to time, suffer leaks for showers. There is any number of reasons or causes for these leaks. Expert attention is needed in these cases. If at all possible, call upon your Alumni Association for help.

Unreliable plumbing contractors have many times taken an undue amount of money from fraternities and really done very little to repair the basic problem. They know that a temporary patch will last for a while and they will be able to fix it again when the next set of officers does the hiring.

A last admonition to the treasurer is to listen carefully to the Fire Marshal's or insurance inspectors' recommendations. It is expected that from time to time every fraternity house will be inspected by the local Fire Marshal who will make certain recommendations. If the recommendations are not carried out in a reasonable amount of time, the Fire Marshal has the authority to have the chapter house closed. Most Fire Marshals will allow a reasonable amount of time to correct the item as long as they know that action is being taken and something will be done about it. When they do not believe any action is being taken is when the Fire Marshal becomes most demanding and difficult. This is also true of an insurance inspection, except that failure to respond by the required date will result in cancellation of your policy.

SECTION IV - FEDERAL TAXES IN CHAPTER OPERATIONS

IN BRIEF

1. The Psi Upsilon Fraternity and its active chapters are exempt for Federal Income taxes under Section 501 (c) (7) of the Internal Revenue Code.
2. The Psi Upsilon Fraternity and each active chapter must annually file Informational Form 990.
3. Unless total payroll exceeds \$1,000 per quarter, active chapters are exempt from the Federal Unemployment Tax and do not have to pay that with respect to people they employ for domestic services.
4. Active chapters are liable for tax under the Federal Insurance Contribution Act (FICA). This tax is commonly known as the Social Security Tax and must be collected and paid on all classes of employees earning more than \$50 per calendar quarter.
5. Chapters are not required to withhold income taxes from wages paid for domestic services in the chapter house. This exemption does not apply to chapter officers who receive any type of compensation exceeding \$83.33 per month. If you officers exceed this figure, withholding is necessary.
6. All chapters must also pay the medicine tax (Medicare).
7. Check to find out the requirements in your state.

Read the following explanations carefully:

FEDERAL INCOME TAX RETURN 990

The treasurer of each chapter and colony must annually submit Federal Income Tax Form 990 to the Internal Revenue Service.

While your chapter is generally exempt from income taxes, you may be required to file a **Form 990T** if the chapter has investment income or unrelated business income.

You must file your return at least five months and 15 days after the close of your accounting period. Accordingly, if you are on a calendar year basis (January 1 to December 31), you must file the return by May 15th. If, on the other hand, your fiscal year is July 1 to June 30, your return must be filed by November 15th.

Here's what you must do:

1. If your chapter has filed Form 990 in the past, you should receive a Form 990 automatically every year from the IRS. Affix the pressure-sensitive label that has your chapter name, address, and employer identification number on the form, complete the form and mail as indicated. You should make three copies of the report. Keep one completed copy for your file and send one to the Chapter Alumni Association. Some of the instructions that follow may be helpful to you, so read them thoroughly. All Psi Upsilon chapters are strongly urged to get a professional accountant to assist in preparing your tax return. Most chapters can complete the 990-N online at www.irs.gov
2. If your chapter (or colony) has not filed Form 990 in the past, follow these instructions:
 - a. You probably already have an Employer Identification Number, which must be inserted in the proper place on Form 990. If you do not have an Employer Identification Number, you must apply for one, using Form SS-4. You can obtain a copy from your local IRS office or at www.irs.gov. List your name as “_____ of Psi Upsilon Fraternity.” You are a “Nonprofit Organization.” If necessary have a public accountant help you in preparing the form.
 - b. When you receive your ID number, insert it in the proper place on Form 990 and submit that ID number to the International Office.

3. INSTRUCTIONS FOR ALL CHAPTERS AND COLONIES

- a. Enter exemption Code paragraph 501 (c) (7). This means you are exempt from income tax under the provisions of paragraph 501 (c) (7) of the IRS Code.
- b. Complete the form, following the instructions in the Instruction Booklet. Note that different sections may apply to you, depending on the amount of your gross receipts.
- c. Date and sign the return and, if an accountant prepared the return, the accountant should date and sign it and list his or her address in the appropriate place.
- d. Mail as indicated; keep one copy and mail one to the Psi Upsilon International Office.

Again, all chapters and colonies are urged to employ professional accounting services to keep the financial records and to file the proper IRS and Social Security forms (where the chapter has one or more employees). The failure of one treasurer to submit Form 990 during his term of office could result in a penalty of \$3,500. The cost of an accountant is far less.

For additional information regarding taxes, contact the nearest office of the IRS.

SOCIAL SECURITY TAXES (FICA) AND MEDICARE

More and more people are being stuck with big payments of back taxes and penalties for failure to pay Social Security taxes for their household help.

Tax on house cleaners, cooks, resident advisors, etc. Social Security officials report that more than 21,000 people and organizations each year are being assessed back taxes as their former house cleaners, cooks and other employees reach retirement age and apply for benefits. The total is rising rapidly as more household workers reach the age at which they can draw pensions, and more become aware of their rights to retirement payments.

Part-time workers. Most of the cases, officials say, involve workers who were employed on a "day basis" -- working only a day or two a week for each of several employers. Many employers fail to realize that payment of as little as \$4 a week amounts to more than \$50 of wages per calendar quarter, the minimum amount on which Social Security taxes must be paid.

Penalties. When an employer has failed to pay Social Security taxes, he not only must make up the back payments, but also is subject to a penalty of 35% plus interest on the unpaid amount of tax. There's no limit on how far back the government can go in collecting unpaid Social Security taxes.

Key Rules. Social Security officials emphasize these rules on the payment of taxes on wages of your household employees:

You are responsible for sending in both your share and the worker's share of the tax-- now 6.2% each, for a total of 12.4% for FICA and 1.45% each or 2.9% for Medicare. This tax is subject to increase periodically, and you should always determine whether you are withholding and paying the proper rate.

Even if your employee objects to having his or her share deducted, you must deduct it.

Tax must be paid regardless of the age of the household employee. Thus, it must be paid for those already drawing Social Security-- if the wages amount to as much as \$50 in a calendar quarter.

The FICA and Medicare taxes to be paid to the IRS must be reported quarterly on Form 941. Form 942 may be used if the only employment activity by the active chapter is for domestic services performed by other than enrolled students. These forms and instructions are available from the nearest IRS office.

In addition, the chapter must supply the employee with a W-2 form at the end of the year, showing total earnings and Medicare and FICA taxes withheld.

WITHHOLDING OF EMPLOYEES INCOME TAX

Chapters of college fraternities are not required to withhold income taxes from wages paid or allowed for “domestic service” performed in a chapter house provided both the employer and employee agree. The term “domestic service” is defined in Treasury Regulations as that of a “household nature” performed in or about the rooms of a chapter house and is said to include “services rendered by cooks, waiters, butlers, maid, janitors, laundresses, furnace men, handymen, gardeners, housekeepers and housemothers.” This exemption would apply to a student member of the chapter who serves as a waiter in the chapter house.

The domestic service exemption may not apply if the chapter house is used for the purpose of supplying room and board to students, without regard to whether such students are fraternity members, and the number of non-fraternity members is significant.

The domestic service exemption does not apply to compensation given either in cash, allowances, or credit, such as for room rent, meals, dues, etc., to treasurers or other chapter officers for their services. Where remuneration for these services, paid in any medium, exceeds \$83.33 monthly, or \$1000.00 yearly, withholding is necessary and IRS will provide withholding tables.

SECTION V - ACCOUNTS RECEIVABLE

ACCOUNTS RECEIVABLE

Bill collection is a universal problem found in our chapters. You as treasurer must make the difference. A chapter could have a good budget that is tracking very well, yet there is no cash for operations because some brothers are not paying their bills. The following recommendations can help improve your bill collecting.

1. Have a signed housing contract for live-in members. Have outside members sign a form that states what amounts are due and when. Send a copy of the form to every member's parents. This ensures that the brothers know in advance what is due and when.
2. Post all house bills promptly on the first day of each month. List each member, what is due, and when. Make a special note beside each member with an old receivable; mark off each as paid.
3. Make sure your chapter has a by-law dealing with receivables. Loss of social, voting and eating privileges should be automatic.
4. Announce at each chapter meeting the names and amounts that are past dues.
5. Get promissory notes signed.
6. Use alumni help.
7. Post accurate records of bills and payments. These records will be needed if future legal action is necessary.

In no area of financial operations is there more misunderstanding about brotherhood than in collection of accounts receivable. One of the earmarks of a good brother is the willingness to accept and discharge responsibilities, which come with membership, and an important one in the chapter and throughout life is the matter of financial responsibility. Sometimes chapters permit a few to disregard their obligations and thereby contribute to a false concept that will plague these members for the rest of their lives. In our social order, one fortunately has many advantages and benefits and also the privilege of choosing among them. It is understood also that where there are benefits there are costs in services or money. No matter where the college student eats, he must pay for his food. No matter where he rests his head, he must pay for his bed. No matter what social organization one may join, there are certain activities, service and supplies one must pay for and in participation, a fair share of the obligation must be his. A fraternity is a brotherhood, not a charity.

If the obligation is not met, the member is a freeloader and someone else must pay the bill, or others who are paying receive less than their rightful share. Members of Psi Upsilon are expected to pay their bills when due and, should a member not discharge his obligation, the chapter should use every device available to secure payment of his account. All accounts over 10 days old should be posted on the bulletin board and all members owing accounts more than 10 days should be required to sign a promissory note with a due-date on the note (see Section VII). If the note remains unpaid, the member should be suspended.

An effective method of speeding up the payment of members' and pledges' bills is to send a copy of the statement directly to the parents. Where college or university policy permits the withholding of credits and grades or the prevention of pre-registering while fraternity bills are outstanding, the chapter should avail themselves to this valuable service.

A fundamental fact to remember is that "when it becomes more convenient to pay than not to pay, payment is forthcoming." If suspension is enforced impartially and without exceptions, the accounts receivable problem will disappear.

Many chapters have adopted a system of "rewards" or "penalties" in collecting accounts. The first is a "discount" system, whereby the monthly house bill is set \$5 higher than is required to meet the budget. If the account is paid by the 5th or the 10th, a "discount" of \$5 is given to the member. The psychology of this reward system is obvious. The opposite system provides for a penalty of \$5 or 5 percent or 10 percent added to the bill if not paid by the 10th.

Neither system will work if it is not enforced; neither system will work if a chapter won't back up the officers. But then again, no fraternity chapter will ever work, really, if the undergraduate actives will not back up the chapter officers in acting and enforcing sound fiscal policies. If you are in fiscal anarchy, you are not really operating a fraternity chapter but rather, a low grade boarding house.

Another highly effective plan is to pro-rate the unpaid accounts among all members. In a 50-man chapter, this provides 50 bill collectors to assist the treasurer. In some chapters, a deposit fund of \$10 per man is set up at the beginning of the year and uncollected accounts are paid from this fund at the end of the year, the members being refunded only their share of the unused fund.

It should be noted that there are good, honorable means for an undergraduate in temporary financial difficulty to solve his room, board and dues problem. Almost every college and university now has student loan funds for short, temporary loans or longer-term loans payable after graduation.

They may easily be obtained at nominal rates of interest. It is these loan funds that are set up to do the job that too many fraternity chapters have been doing to their ruination. There is nothing dishonorable about taking out a loan through proper channels; it is dishonorable to illegally borrow from fraternity brothers who can ill afford to provide

such a loan. If you enforce collection procedures and fraternally point out the accessibility of such loan funds to your members, you may very well find out that the vast majority of those who have been slow in paying are glad to have this information in order to make arrangements for the proper loan and remain respectable fraternity brothers.

Another option is to sign up with an online billpay company – such as Omega Financial or GreekBill. Sometimes just offering an online payment through a service like Paypal can assist the members in making timely payments. Just be sure to budget for any costs associated with these services.

When an undergraduate member is suspended for financial delinquency, notify him in writing. A sample of such letter follows:

NOTICE OF PAST DUE ACCOUNT

(Use chapter letterhead)

[date]

[Name and address of member]

Dear Brother _____:

As of _____, the records of the _____ Chapter of Psi Upsilon Fraternity indicate your account with the chapter is thirty days past dues.

Under the provisions of the chapter's By-Laws, you are hereby suspended from fraternity activities until your account is settled.

As of the above date the amount owed by you is \$_____.

You are hereby given 10 days from the date of this letter to settle your account, or make special arrangements with the Executive Committee. If your account is not settled as of that date consider your housing contract terminated and full payment of the total housing contract will immediately become due, and you will be immediately evicted from the chapter house.

Yours in the bonds,

Treasurer, _____ Chapter of Psi Upsilon Fraternity

Historically, the worst offenders for unpaid bills are the graduating seniors or those members who may be leaving the school and chapter at the end of the school year. Once they have left the campus, there is little opportunity to collect the past due bills. In the event that a brother is unable, for good reason, to pay his bill before leaving school, and he is granted an extended time to do so, the proper thing to do is have this brother sign a promissory note certifying that he does own the amount of money stipulated. This signed statement is prima facia evidence at a later date of the ability to collect the bill. If the brother has signed the statement, then at no later time can he claim that he does not owe the bill.

ALUMNI ACCOUNTS RECEIVABLE

If your predecessors have not been conscientious in the matter of accounts receivable, you will likely inherit a sizable number of alumni receivables. Don't be taken in by the philosophy that "if we try to collect we will lose his good will as an alumnus." This is nonsense. He is already lost as an interested alumnus and you can only increase his good will by getting him back in good standing.

PROGRAM FOR COLLECTING ALUMNI ACCOUNTS RECEIVABLE

Begin by sending a series of four letters (samples follow) at about two-week intervals. Note that each letter is more formal and demanding than the previous one. However, the letter need not be quite so sterile; particularly if the brother is well known to you. Change the letters as desired, but keep the intent the same.

If this failed to get any results, refer the account with suggestions listed at the bottom of the letter to a collection agency, an alumni attorney, or an alumni officer for collection. Be sure to regularly tell the chapter who you are after and how you're doing it. If the brothers in the house know you are serious, there is less likelihood of their leaving the chapter with unpaid bills.

SAMPLE COLLECTION LETTERS

LETTER #1

Dear Brother _____:

In reviewing the chapter books, I note that you have an outstanding debt of \$_____. I am confident that you may have merely overlooked this account and will promptly send us your check.

The members of the chapter have asked me to send you their regards and best wishes.

Thank you for your cooperation in this matter.

Yours in the bonds,

Treasurer, _____ Chapter of Psi Upsilon

LETTER # 2

Dear Brother _____:

On _____, 2____, we wrote to you regarding your unpaid account to the chapter of \$_____.

As you will no doubt agree, the burden of carrying alumni indebtedness should not be imposed upon the undergraduate chapter, and we are very much in need of funds.

We would appreciate receiving a check in full by _____ (allow about two weeks).

With continued best wishes,

Yours in the bonds,

Treasurer, _____ Chapter of Psi Upsilon

LETTER #3

Dear Brother _____:

On _____, 2____, and again on _____, [insert treasurer name], our chapter treasurer, called your attention to your unpaid account of \$_____.

We have been disappointed and embarrassed in not receiving your remittance. The undergraduate chapter can no longer carry your burden. The debt is justly yours, and should command your immediate attention. Politely, but firmly, we must insist up on its payment. If absolutely necessary, we may be able to set up a payment schedule for you. (Omit previous sentence if debt is small).

We trust you will not force us to take action in a way that will not only be unpleasant to us, but will also reflect upon your loyalty to the fraternity.

Will you not kindly give this matter your immediate consideration?

Yours in the bonds,

President, _____ Chapter of Psi Upsilon

LETTER #4

Dear Brother _____:

Three letters have already been sent to you requesting payment of your debt of \$_____. These were written on _____, _____, and _____. So far no satisfactory reply has been received from you.

We will be obligated to take other action to collect this amount due to the chapter unless we receive your remittance by [insert date, one week from date of the letter] at the latest.

We feel we have dealt with you both courteously and patiently, be we cannot continue to carry your obligation.

Yours in the bonds,

_____ President, _____ Chapter of Psi Upsilon

SECTION VI - CHAPTER ACCOUNTING SYSTEM

A good chapter accounting and record keeping system should be simple, yet provide the necessary information for the proper management of the chapter. The system that follows meets these criteria. The treasurer needs only a few minutes each day to make entries, and an hour or so at the end of the month to transfer this information to the General Ledgers and finally Treasurer Form #1

There are five components to this accounting system. Each will be explained. All needed record materials can be purchased at an office supply store. The five are:

1. Membership Record Cards
2. Charges and Receipts Register
3. Cash Disbursements Journal
4. General Ledger
5. General Journal

MEMBERSHIP RECORD CARDS

Each current member should have an 8 ½ x 11 record card as follows. Also former members with account receivable should have a card.

Illustration #1--Membership Record Card

This card is broken-out into the 8-charge categories. On the first day of each month the treasurer fills in the monthly bill and break out. As payments are received the treasurer marks these on the card. A copy of the record card should be given to each member as his monthly bill.

Illustration #2 -- Charges and Cash Receipts Register

CASH DISBURSEMENTS JOURNAL

All cash (check) disbursed are entered in this journal on the date disbursed as follows. Each disbursement is then given an account number to match the appropriate expense account. Example: check #312 was for food--its appropriate expense account number is 22. This corresponds to the #22 on the Income/Expense statement on Treasurer Form #1. Example: check #313 for \$352.50 was for three different expense accounts, and is so noted in the Cash Disbursements Journal.

The numbers on Treasurer Form #1 (both Balance Sheet and Income/Expense Statement) list the standard account numbers. Also, the discussion, which follows under “General Ledger,” lists the standard account numbers.

At the end of each month the treasurer will need to add together the charges for each account number and enter the total for that account on the appropriate General Ledger page. Then start with a new page in the Disbursements Journal for the next month.

GENERAL LEDGER

Each balance sheet item and income/expense item should have a separate General Ledger page. Each of these items has an account number that corresponds to the number on the Balance Sheets and Income/Expense Statement of Treasurer Form #1

GENERAL JOURNAL

This journal is used to record non-cash items, transactions where cash is neither received nor distributed. In chapter operations these would normally be Accounts Payable, Depreciation, and any inventory reduction. General Journal pages can be purchased at any supply house. These pages can be kept at the end of the General Ledger. At the end of each month the treasurer will need to review the month’s General Journal entries and transfer these to the appropriate General Ledger sheet.

SECTION VII - ACCOUNTING POLICIES AND PROCEDURES

You should now have the following record books/materials ready for use:

1. Membership Record Cards
2. Charges and Receipts Register
3. Cash Disbursement Journal
4. General Ledger (a sheet for each account)
5. General Journal

You should also have a copy of the chapter budget which is broken-out by calendar quarters. You are now ready to serve your chapter as their treasurer.

The following policies and procedures should help you competently carry out your duties.

ACCOUNTS RECEIVABLE AND CASH RECEIPTS

When entering charges to member the Membership Record Card and Charge and Receipts Register must both be posted. When the member make a payment both must again be posted.

Posting Procedures.

Step 1: On the first of each month pull out the file of Membership Record Cards and the Charges and Receipts Register. Fill in the appropriate information on each member's card and in the Register. Expenses are broken out for the member on these.

Step 2: Once all Membership Cards have been posted, take them to be copied. Each member should then receive a copy of his card on the first of each month. This will serve as his bill.

Collecting Revenues

Step 1: If the member gives you cash, make out a duplicate receipt. Give him one copy and save the other for posting to the records. If the member gives you a check there is no need for a receipt as the check itself will serve this purpose. See Section VII for an example or a receipt.

Step 2: Remove the Charges and Receipts Register. From the check or cash receipt enter this payment in the Register on that member's line.

Step 3: Remove the Membership Record Card for that member and post the information to that card.

Step 4: In the upper corner of the check or cash receipt place a small check mark to indicate that it has been posted in both places.

Step 5: Fill out a deposit slip, listing each name for which a deposit is being made. Make your deposit. You should always make duplicate deposit slips and take both to the bank. The bank will then return one of the copies to you with a bank stamp on it.

Step 6: Remove the Charges and Receipts Register, using the bank stamped deposit slip, write in the date deposited by the appropriate member.

If you receive income from sources that were not billed at the beginning of the month (donations, vending machines) remove the Charges and Receipts Register. Enter the name and next to the name enter the date the money was received. The amount received would only be entered in the Misc. Receipts column. Next to the amount write the account number that is to be debited. Fill out the deposit slip as usual and enter the deposit date in the Register.

CASH DISBURSEMENTS

All expenditures of cash (except those made from Petty Cash) are entered in the Cash Disbursement Journal at the time the check is written. See sample of this Journal in the Chapter Accounting section of this handbook.

The treasurer should approve all disbursements in advance. A Purchase Order should be used if at all possible. See Section VII for an example.

Step 1: Open all mail daily and separate invoices. Compare the invoice to the delivery slip and purchase order.

Step 2: Decide whether to approve for payment

If not, return to vendor, indicating your reason for non payment

If approved, check for accuracy and write on invoice:

account number(s) to be charged

date to pay

initial to indicate approval

Step 3: Determine whether the approved invoice is to be paid immediately.

If not, file the invoice in an accounts payable file by the date to be paid. Each treasurer should obtain an accordion file and make each compartment with a separate day (1-3). File your to-be-paid bills in the appropriate day. AT the end of each week check this file to be sure all prior bills are paid.

If the invoice is to be paid immediately proceed to Step 4

Step 4. Weekly, check your accordion file for invoices. Also check your sheet of recurring payments (see the "List of Recurring Payments Table. These are usually charges for which you will not receive an invoice, such as rent). Remove items ready for payment:

Remove the checkbook and prepare the checks for signature. On the bottom of each check be sure to put the account number to be charged.

Remove the Cash Disbursements Journal and fill it out as shown in the earlier example.

Sign the checks and then submit them to the president or chapter financial advisor for a dual signature. All chapter checks should require two signatures.

Once the signed checks are ready for mailing, mark each invoice:

Paid check # _____

Amount \$ _____

Date mailed: _____

Then mail the checks.

Paid invoices should be filed in alphabetical order by payee with all other paid invoices. Use a closed accounts payable file.

LIST OF RECURRING PAYMENTS			
DATE DUE	VENDOR	SOURCE	AMOUNT DUE

NOTE: This schedule includes such items as rent, note payments, pest control service, etc. The “source” is the support for the payment (i.e. rental agreement on file).

Petty Cash

A small petty cash fund of no more than \$50 should be maintained in a safe place by the treasurer. A petty cash slip should be filled out by the treasurer for each disbursement. These slips will be retained until the end of the month when the amounts are posted in the Cash Disbursements Journal. The treasurer will also need to maintain a petty cash record with the petty cash fund. The treasurer may wish to make copies of the next page for this use. At the end of each month the treasurer should prepare a chapter check payable to petty cash to bring this fund back to \$50 (a copy of the petty cash record should be given to the co-signer for approval at the time the fund is replenished. Petty cash should have no other source of income-- all income no matter how small should go through the chapter account.

Example:

Beginning Balance	\$50.00
Less: Petty Cash Slips	
Supplies--Account #16	(8.00)
Athletics--Account #30	(9.00)
Ending Balance	\$33.00
To Be Reimbursed	\$17.00

Monthly Closing Procedures

1. Remove the petty cash file and prepare the reimbursement check. Enter this check in the Cash Disbursements Journal, noting the account number for each petty cash disbursement, and amount, in the distribution column.
2. Remove (1) Cash Disbursement Journal and (2) Charges and Cash Receipts Register. Total the columns and make sure they are in balance. On a separate sheet of paper total the disbursements for each account number, e.g., total all account #12 (rent) and write the total on your separate sheet from #2.
3. Post the totals from the columns of the Charges and Receipts Register to the appropriate General Ledger
4. Prepare General Journal entries. Then post these entries to the appropriate General Ledger.
5. Prepare a Trial Balance from each General Ledger account sheet. Make sure the Trial Balance is in balance.
6. Prepare Treasurer Report #1 using the General Ledger and Trial Balance.
7. Reconcile the bank statement when it is received.
8. CAREFULLY REVIEW THE COMPLETED Treasurer Form #1. Using a red pen mark all areas where the actual figures are out of line with the budget. Determine why the figures are out of line and what steps need to be taken.
9. Prepare a copy of Treasurer Form #1 for the Chapter Bulletin Board and Alumni Financial Advisor.
10. Meet with the alumni financial advisor and chapter president for review.

NOTE: If you have an outside accountant who handles these procedures take his or her monthly report and fill out Treasurer Form #1 using that information. If the information is incomplete ask the accountant to supply you the needed information.

SECTION VIII - Forms and Contracts

HOUSING CONTRACT

Date of Contract: _____ Term of Contract: _____ Security Deposit: _____
Total House Bill _____ for _____
Beginning: _____ Ending: _____ Deposit: _____ Term of Contract: _____

Alumni Corporation of the Psi Upsilon Fraternity
(Address)
Student

CHAPTER AGREES

1. The above named Chapter, herein after referred to as CHAPTER, agrees for the term of this contract, unless sooner terminated, to maintain a Chapter House, owned by it and consisting of sleeping rooms, eating and other facilities, subject to the rules, regulations, customs, and requirements of said CHAPTER and the university or college.

STUDENT AGREES

2. STUDENT agrees to accept and properly use such room space assigned to him/her by the chapter officers, to eat meals at such eating facilities, and to abide by all rules, regulations, customs, and requirements of said CHAPTER and school. STUDENT also agrees to obtain signature of FUARANTOR herein (indicated below) guaranteeing STUDENT'S obligation herein, and when the contract is signed by the STUDENT and GUARANTOR, it shall be submitted to the president of the CHAPTER, and shall not be binding up on the CHAPTER unless accepted and singed by the president.

RENT

3. In consideration of the foregoing, STUDENT agrees to pay the CHAPTER or CHAPTER'S AGENT, the above stated total house bill for term of contract. STUDENT agrees to pay this house bill in installments (found below). The time of every payment is of the essences of this contract. STUDENT also agrees to pay promptly upon presentation of a bill; all miscellaneous personal charges incurred by him such as, but not limited to, telephone, tickets, fines, guest meals, assessments, etc. STUDENT also agrees to prepay any amount of the above miscellaneous charge deemed necessary by the CHAPTER or Chapter President.

SECURITY

4. STUDENT will deposit with the CHAPTER the DEPOSIT security deposit set forth above for the

performance or each and every covenant and agreement of this contract. CHAPTER shall have the right, but not the obligation, to apply the security deposit in whole or in part in payment of any unpaid rent or other amount due because of unperformed covenants of agreement by STUDENT. STUDENT'S liability is not limited to amount of security deposit. On termination of this contract and full payment of all amounts due and performance of all STUDENT'S covenants and agreements the security deposit or any portion thereof remaining unapplied shall be returned without interest to STUDENT.

DAMAGES

5. STUDENT agrees that he/she will not harm, damage, waste or destroy the building, fixtures, furnishings, supplies, or property of the CHAPTER; nor allow any of his/her guests or invitees to do so; and should such occur, the CHAPTER may assess the costs of replacement or repair to the STUDENT and that amount shall become due immediately. STUDENT And GUARANTOR agree that the CHAPTER shall not be held liable, directly or indirectly, for any loss, destruction or damage of the personal property of STUDENT or his/her guest by theft, fire, water or any other cause.

BREACH OF CONTRACT

6. In the event STUDENT leave the chapter house at any time during the term of this contract, the student agrees to pay the full unpaid balance of this contract as liquidated damages to the chapter treasurer, unless the withdrawal is a result of marriage, illness, death in the immediate family, active military service, or graduation or expulsion from school. If default is made in the payment of rent, or any installment thereof, as herein provided, STUDENT hereby irrevocably constitutes any attorney or any court of Record in the State, attorney for said STUDENT and in the STUDENT'S name, from time to time, to enter the appearance of STUDENT to waive the issuance of process and service thereof, to waive trial by jury and to confess judgment in favor of the CHAPTER for the amount of rent which may be due hereunder, together with the costs of suit and reasonable sum for plaintiff's attorney's fees in or about the entry of such judgment, and to waive and release all errors and right of appeal from any such judgment, and to consent immediate execution thereon.

TERMINATION OF CONTRACT

7. CHAPTER reserves the express right to terminate this contract, in event shall at BY CHAPTER any time fail to observe any rules, regulations, customs or requirements of

the CHAPTER or the school. STUDENT forfeits all prepaid monies in event CHAPTER terminates under contract under above conditions. Five days written notice shall be deemed required notice of termination of contract by CHAPTER.

RULES AND REGULATIONS

8. CHAPTER reserves all rights pertaining to assignment of room space and types of food served and hours of food service and other administrative matters.

INSTALLMENT PAYMENT PLAN

INSTALLMENT#	DESCRIPTION	AMOUNT	DUE DATE
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

GUARANTY

In consideration of entering into above contract by CHAPTER with STUDENT the undersigned GUARANTOR of the above named STUDENT, hereby agrees to and approves above contract and hereby guarantees the due, proper, and full performance by STUDENT at any time to promptly carry out any obligation on the part of the STUDENT undertaken in the above contract, the undersigned, upon notice of default, will promptly and in all respects perform such obligations and pay any amount owing thereon by STUDENT.

_____ Chapter of the Psi Upsilon Fraternity

_____ Student
by _____ Chapter of the Psi Upsilon Fraternity
Chapter president

_____ Guarantor

Guarantor's name: _____

Guarantor's address: _____

Guarantor's phone: _____

Guarantor's email: _____

COOK'S/RESIDENT ADVISOR'S SAMPLE CONTRACT

THIS CONTRACT is by and between the (legal name of the alumni-fraternity e.g. Psi Upsilon Club of New York, Inc.) herein called "fraternity" and the undersigned _____ and _____ hereafter called "cook."

This contract is for the school term beginning on or about _____ and ending on or about _____.

1. The fraternity agrees to furnish the cook's room, board and salary as follows:

Room (location or apartment e.g. first floor apartment located at the Psi Upsilon Fraternity)

Board: All meals supplied by the fraternity to its members. No meals will be furnished during vacation periods.

Salary: \$_____ per (week/month), payable the last day of the (week/month).

2. The cook agrees to perform the following duties:

- (purchase of food)
- (housing advisor)
- (scholarship advisor)
- (kitchen supervision)
- (other specific duties)

3. Cook further agrees not to harm, damage, waste or destroy the building, fixtures, furnishings or supplies of the fraternity or allow any guest to do so. House parents agree to furnish a \$_____ damage deposit to be held by the fraternity to cover any damage to the fraternity by the cook or his guests. This deposit will be refunded less provision for damage at the termination of this contract.

4. The cook is granted use of (those areas of the chapter house open to use by the cook, e.g. first floor, basement). On special occasions with advanced notice the cook's access to these areas can be temporarily denied.

5. Either party can terminate this contract without reason upon thirty day written notice to the other party. Cook shall vacate the premises immediately upon termination of this contract.

6. Cook agrees that the fraternity shall not be held liable, directly or indirectly, for any loss by theft, fire, water, or any other cause of personal property of the house parents or their guests.

(Legal Fraternity Name)

by _____/_____
(House Corp. Officer) Date

_____/_____
Cook Date

NOTE: This contract can be modified to fit the specific needs of each chapter. The contract can also be modified to serve as a Resident Advisor's contract.

CASH PAYMENT RECEIPT

DATE: _____

RECEIVED FROM: _____

_____ DOLLARS

AMOUNT OF ACCOUNT: \$ _____

AMOUNT PAID \$ _____

BALANCE DUE \$ _____

TREASURER'S SIGNATURE

PURCHASE ORDER

Account No. _____ Purchase Order No. _____ Date _____

Description of Purchase Service:

Officer Requesting Purchase Approval _____

Person Making Purchase _____

Name of Business Firm _____

Estimated Cost \$ _____

Actual Cost \$ _____

Treasurer

SAMPLE PROMISSORY NOTE

_____ (Name of Student) hereby agrees to pay _____ for the term beginning _____ and ending _____ to the _____ Chapter of Psi Upsilon Fraternity.

(Signature of Student)

(Signature of Treasurer)

Date

Date
