

#4 EXECUTIVE OFFICER MANUAL

*A Guide to Creating
Financial Organization
and Sustainability
within an Alpha*

FORWARD

This **#4 Manual** (known hereafter as simply, the “**Manual**”) has been designed to promote financial organization and sustainability within an Alpha. The contents of this **Manual** should be paired with the Spencer Institute’s #4 seminar materials, and officer resource manuals written by our peer fraternities and host Universities.

Each Alpha is self-governing and solely responsible for its day-to-day and semester-based operations. Nothing herein is intended as or should be deemed as supervision, oversight, or an attempt to control the local Alpha by the Chi Psi Central Office. Rather, this **Manual** is an educational guideline. It contains recommendations by various Alphas with successful financial management programs. It is published and available to any Alpha as a form of brotherly advice for whatever use one wants to make of it. All ideas are optional, and nothing is mandatory. Participation is by the voluntary choice of each Alpha and each Brother with the understanding that one will get out of something what one is willing to put into it. The **Manual** is a guide, from which #4s can use to establish, improve or build their own programs, using their own knowledge, common sense, ideas and experience. In turn, each #4 is encouraged to share their ideas with other Alphas by advising the Chi Psi Central Office for possible inclusion in future publications.

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INTRODUCTION

Congratulations on your election to the #4 executive officer position. It is one of the most important positions in the Alpha, since the Alpha's financial well-being for the current year and the future of the organization now rest upon your shoulders. Your primary goals should now be:

1. Creating consistent financial recording,
2. Reporting to the Alpha's executive committee, the Alpha's Alumni Corporation and Advisory Board, and the general Brotherhood,
3. Preparing the annual budget,
4. Establishing a procedure for billing and collection of accounts from members
5. Ensuring all invoices are paid on time.

The #4 must be strongly disciplined and pay close attention to detail. Financial records must be consistent and accurate. You may need to make difficult, unpopular decisions that may threaten your relationships with your Brothers. To become and remain effective as #4, you must not allow your personal biases and friendships to affect the efficiency of your responsibilities. You must study problems and situations to make informed decisions.

The #4 does not have to be an accountant or a business major. He must be a Brother who will be dedicated, conscientious, and willing to keep the Alpha finances in control. If you ever find yourself "backed into a corner" or have a question regarding a bookkeeping procedure, look to an alumnus advisor, Central Office staff member, professor, or professional accountant. They will provide you sound guidance or direct you to additional available resources.

A finance committee, financial or alumni advisor, Alpha Corporation, your Alpha Visitor, and your #1 are great resources. They will help to establish a better understanding of Alpha needs and financial priorities, institute an effective collection policy, and provide the necessary support on important decisions. Electing a #4.5 will prove beneficial and will improve the Alpha's officer transition process. In addition to easing that workload, your #4.5 will help safeguard future financial sustainability and continuity.

Do not allow the #4 executive officer position to overwhelm your other responsibilities and commitments! Utilize your available resources for the position, manage your time effectively, and maintain strict organization of your responsibilities. The #4 position, despite its difficulties, will provide you valuable leadership experience, and allow you to explore potential career opportunities.

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LEADING WITH “WHY?” - YOUR ROLE AS #4 AND THE ALPHA’S PURPOSE

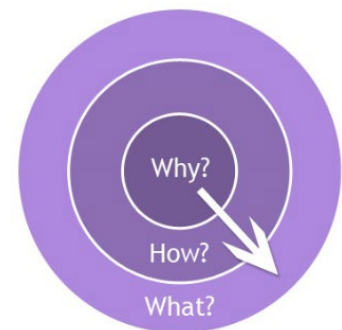
As #4, you must view the Alpha as a business, and yourself as its chief financial officer (CFO). This position is now your opportunity to manage the financial affairs of the Alpha, and to learn and implement business procedures that will prove beneficial to you later in life when you enter the working world. Before we begin, consider the following questions:

- **Why** did you choose to become your Alpha’s #4?
- **How** do you plan to improve the Alpha’s financial well-being and overall Chi Psi experience?
- **What** do you hope to receive from this experience? In turn, **what** does the Alpha expect from you during your term as #4?

Notice the order in which these questions are phrased. It begins with the question “Why”. Many people and companies struggle to clearly articulate why they do what they do. When the question begins with “why”, it doesn’t mean to collect money and hold an officer position – that’s a result. By “why”, it means your purpose, cause, or belief. Why does your Alpha exist? Why do you get out of bed in the morning to do what you do? And why should anyone care about Chi Psi on your campus?

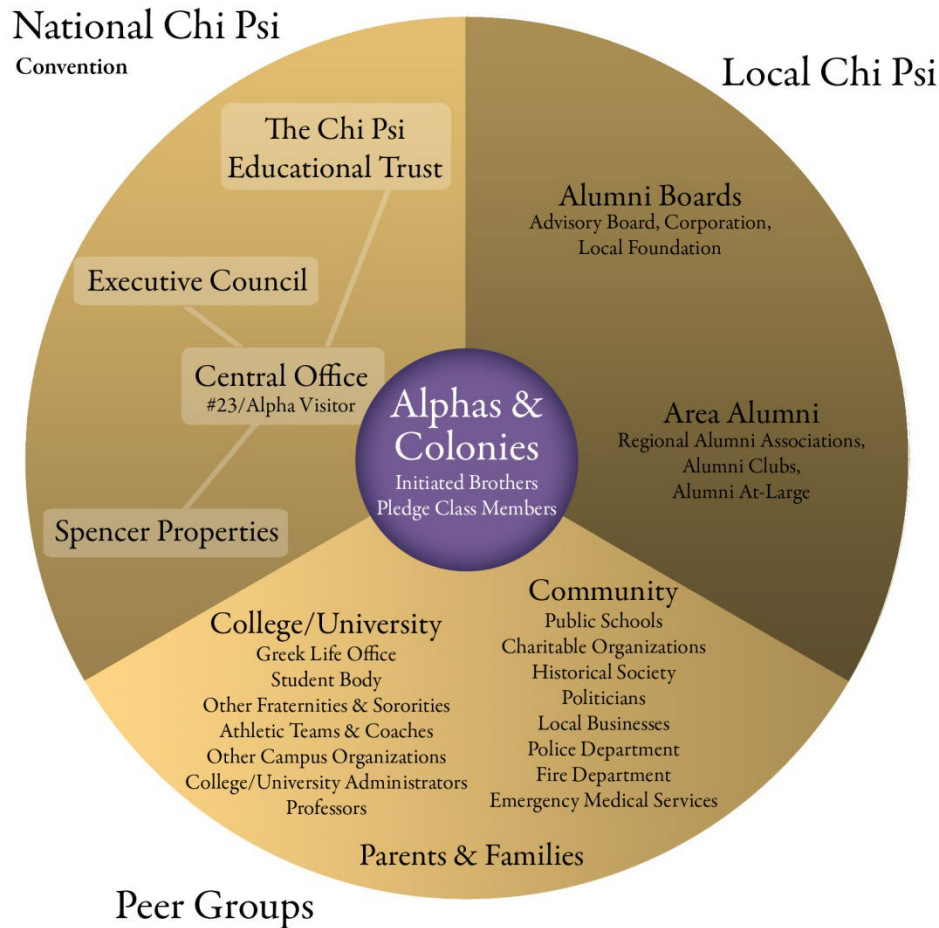
Everything you say and everything you do has to prove what you believe. A “why” is just a belief, nothing more. “How’s” are the actions you take to realize that belief, and “what’s” are the results of those actions – everything you say and do: your Alpha’s products, services, marketing, PR, culture, and whom you extend membership to. If stakeholders don’t buy what you do but why you do it, then all these things must be consistent.

Chi Psi’s Program for Excellence model is centered on this belief. Our goal is to create a fraternal experience that enhances your college undergraduate experience, and challenges you to become the greatest version of yourself. Chi Psi provides you the opportunity to take on leadership positions, refine your skill sets, and enjoy memorable times with those you will call Brothers for the rest of your life. As #4, you must take on this mindset, and immerse yourself in challenging situations without the fear of taking risks.



Like every business, your Alpha has stakeholders. Stakeholders are groups or individuals who have an invested interest in the well-being of the Alpha, and expect something in return. Once identifying your Alpha’s potential stakeholders, you must create and develop methods of regular interaction and communication. Work with your fellow executive committee officers to

ensure that every identified stakeholder has an avenue of communication. Chi Psi's Program for Excellence model will help you create and plan events that engage these stakeholders and allow you to showcase your Alpha's offered Chi Psi experience.



CREATING THE #4 MINDSET - THE “THREE P’s” CONCEPT

Your mindset as #4 must be driven by the “Three P’s” Concept. This will be the foundation for your Alpha’s financial operations and practices.

1. Product

If your Alpha was a product, how would you sell it? What makes your Alpha unique compared to other organizations on your campus?

Developing an effective thirty-second pitch to sell the experience your Alpha offers is, at first glance, one of the most difficult tasks to accomplish. You and your Brothers must meet and

identify key points to emphasize when communicating with your Alpha's stakeholders. Consistency in stakeholder communications will positively influence the stakeholders' perception of your Alpha's authenticity.

As #4, you must be able to sell the added value of your Alpha's offered experience. Potential new members, Brothers, and other relevant stakeholders must clearly understand the validity of their financial obligations and agree to work with you in completing these obligations. Creating buy-in among your peers and stakeholders will reduce the difficult conflicts that may arise during your term.

Each Alpha's identity is unique as each promotes its experience in very different ways. **The dynamics that make each Alpha's experience unique are its purpose, people, competitive opportunities, and value proposition.** Let's delve into each component in more depth.

Purpose

We alluded to this earlier when we incorporated the concepts of our Fraternity's Purpose Driven Leadership model. **From the Alpha to the individual level, there must be a purpose to the actions of your organization and its members.** While each Alpha is unique, its values and identity must be congruent with the national Fraternity's values. Furthermore, your actions must be a product of why you exist as an organization.

People

Your stakeholders are not attracted to your Alpha because of what social events your Alpha hosts, but rather the people who are associated with your Alpha. Think about it, what affected your decision to sign your bid? Why did you join Chi Psi? When you communicate with stakeholders, you and your Brothers must be honest and transparent. Share your interests, your backgrounds, what Brothers in the Alpha have in common, and what they seek to receive as a result of their membership in Chi Psi. In turn, when recruiting potential new members or seeking partnership with campus and community organizations, ask open ended questions that will allow you learn more about these individuals and groups in a more intimate manner. Their honesty and willingness to share will give you a good idea on whether they would be a good fit for your Alpha. **The more familiar you are with your own Alpha's identity and needs, the more familiar you will become with what type of young men you wish to recruit and what organizations you wish to partner when planning events.**

Competitive Opportunities

On any university or college campus, regardless of student body size, the Greek community is a competitive market. Fraternities and sororities alike compete for potential new members, and recognition on campus and in the community (some more cut-throat

than others, but you get the idea). At the general organizational level, Chi Psi is no different than other fraternities on our campuses. What sets us aside, however, are our values, how we can identify our market for potential new members, and how effectively we're able to convey these values to our potential new members. Careful time and consideration must be placed into the recruitment process in order to find and sustain success. As an Alpha, you must **identify your Alpha's niche market**, and brainstorm ways in which you will successfully **compete within these markets**.

Value Proposition

Once you've identified your niche markets and created a successful plan of action to compete in these markets, **you must be able to market yourselves effectively within the Greek and campus community**. You must work with the recruitment chair(s) to create effective marketing schemes (ie. posters, cold calling, and creative recruitment events) that target members of your identified niche markets. Recruitment strategy is by no means limited to the efforts of the recruitment chair(s) – **encourage all Brothers of the Alpha to partake in recruitment events and share any leads that that have**. The creation of recruitment teams within the Lodge will make recruitment more of a team effort and increase your chances of meeting more individuals outside of your usual student groups. These same tactics must be taken when communicating with other relevant stakeholders - **the goal is for all to be aware of your Alpha, and to feel that they are at a natural disadvantage if they are not a part of your Alpha's offered Chi Psi experience**.

2. Price

You've identified your Alpha's stakeholders, you've developed the Chi Psi experience your Alpha offers with the help of your Brothers, and you've created effective ways to reach out to potential new members and other relevant stakeholders. How will you now convey the costs associated with active Alpha membership?

In order for a business to succeed at any level, revenue must be generated and managed prudently. For both the Chi Psi Central Office and the individual Alpha, this revenue is raised through annual membership dues collected from the active Brothers of the Alpha(s). It is your responsibility as #4 to communicate the costs associated with active Alpha membership. **To receive the benefits associated with being in Chi Psi, Brothers must pay their dues. This is unconditional**. You do yourself and your Alpha a disservice by practicing leniency. If, in extremely rare circumstances, a Brother cannot pay his dues because of unexpected personal hardship, it is admired if the Alpha pulls together to pay his dues. As Brothers of Chi Psi, we have made eternal promises to each other that we would be there in times of need and trouble.

3. Promotion

You've got this incredible product in the Chi Psi experience. You understand how much it costs and have conveyed that to the active Brotherhood and other relevant stakeholders. Now, how do you generate buy-in? How do you get your Brothers to understand the value and willingness to pay and pay on time?

Communication is the most important component of the financial operations of any Alpha. Each Brother should be aware of his financial obligations from the day he signs his bid to the day he graduates from college. The Alpha must thoroughly its financial obligations be in its bylaws and Program for Pledge Education materials. This must be reviewed regularly at Alpha and pledge education meetings. **As the #4, you must be fully transparent concerning payment plans, fundraising, and delinquent accounts.**

Transparency

It is extremely important that you communicate with your stakeholders regarding the costs associated with Alpha membership. Budget planning, payment plans, and Alpha deadlines (mandated by both the Chi Psi Central Office and local creditors) must be discussed regularly with the Brotherhood, your Alpha's Alumni Advisory Board, and your Alpha's Alumni Corporation. If you do not know the answer to a particular inquiry, do not hesitate to call the Chi Psi Central Office and speak to your Alpha Success Advisor.

You must have a clear set of policies to implement in the case of delinquency. Having firm and consistent policies concerning financial delinquency will uphold accountability and create incentives to pay financial obligations associated with Alpha membership on time. Peer pressure and your Alpha's alumni financial advisor will be instrumental in the collection of the delinquent Brother's dues.

THE IMPORTANCE OF FINANCIAL COMMUNICATION

Most Alphas find themselves in difficult situations simply because Brothers do not know what their financial obligations are. It is your responsibility to ensure that everyone is properly informed on the collection policies and consequences of your Alpha. Communication with the Chi Psi Central Office and the outside community is equally important as communication within the Alpha among Brothers.

Communication with the Chi Psi Central Office

All fees and assessments must be paid on time in accordance with the Fraternity's Dues, Fees, and Processes. You must also work with your Alpha's #3 to report all membership changes, pledge classes, and initiations. These changes, alongside roster submissions, will dictate your Alpha's invoice billing numbers. In order to receive accurate invoicing, please report the changes immediately! Please consult the Dues, Fees, and Processes page for complete details on Alpha deadlines, roster submissions, and online community registration.

You will need to submit your Alpha's Pledge and Initiation rosters via email. At the beginning of the academic semester, you will receive a copy of the 'Pledge Roster Template' which you will need to fill out and return to your Alpha Success Advisor upon formalization of the new member class. Complete the pledge roster template with the full name (first, middle, and last name) of each pledge class member, each member's permanent address, date of birth, parental information, phone number, personal email address, and member's graduation year. The Central Office recommends soliciting this information at the first new member meeting of the semester. You will receive the new member fee invoice shortly following submission of the 'Pledge Roster Template'.

Similarly, as you near the end of the new member term, you will also receive the 'Request to Initiate Template', otherwise known as the Initiation Roster. You will need to submit this prior to initiation being conducted at your Alpha. Shortly following initiation, you will receive the initiation invoice.

All invoices are now being sent via QuickBooks Online – please keep an eye out for these emails and contact Martha Vetter (MVetter@chipsi.org) if you need to pay with a different method.

Alpha Building Fund (ABF) contributions must be made payable by QuickBooks online. These will be invoiced in the Fall and Spring and will align with the Dues and Fees document included.

Liability insurance payments are made directly to Chi Psi's insurance broker.

You will be notified each September how to make an electronic payment or where to send a check.

Contact Donald Beeson, Chi Psi Fraternity's Associate Executive Director, for all specific questions and inquiries regarding your Alpha's discounts and/or penalties. You may reach him by email at dbeeson@chipsi.org or by phone (919)-740-1972. Insurance invoice billing numbers are created based on the summer membership numbers reported by your Alpha in June. If your Alpha intends to finance its premium, you must pay 50% of the premium by October 1st. Once half of your premium is paid, our insurance broker will send a finance agreement for you to sign.

Communication with the Outside Community

You must pay all debts to local creditors in a timely manner. This includes your university or college's Office of Fraternity and Sorority Affairs regarding IFC dues, your university or college's Office of Residential Life regarding damages (if your Lodge is a university or college- owned residential living space), Lodge property owners (i.e.. private landlord or your Alpha's Alumni Corporation) regarding rent payments, and food service providers regarding weekly orders. You must also file all tax forms required by the government to ensure that the Alpha maintains its status as a non-profit organization.

Communication with the Alpha

Creating Membership Awareness

As the Alpha's #4, you must inform members of the Alpha's financial status and their obligations to Chi Psi Fraternity. Before the conclusion of the current academic year, you must create a budget for the following year. **Send a summer newsletter** to Brothers reviewing the anticipated budget. **Explain the budget** to the Brothers in detail, referring to category expenditure and approximate figures. In doing so, you will illustrate where the Alpha's funds are going, and how the dues and Alpha invoices are used. **Express to Brothers their financial responsibility to Chi Psi Fraternity and the Alpha.** You must emphasize that invoices that go unpaid are a burden to every Brother and pledge class member. **Monthly financial report presentations must be conducted at Brotherhood meetings.**

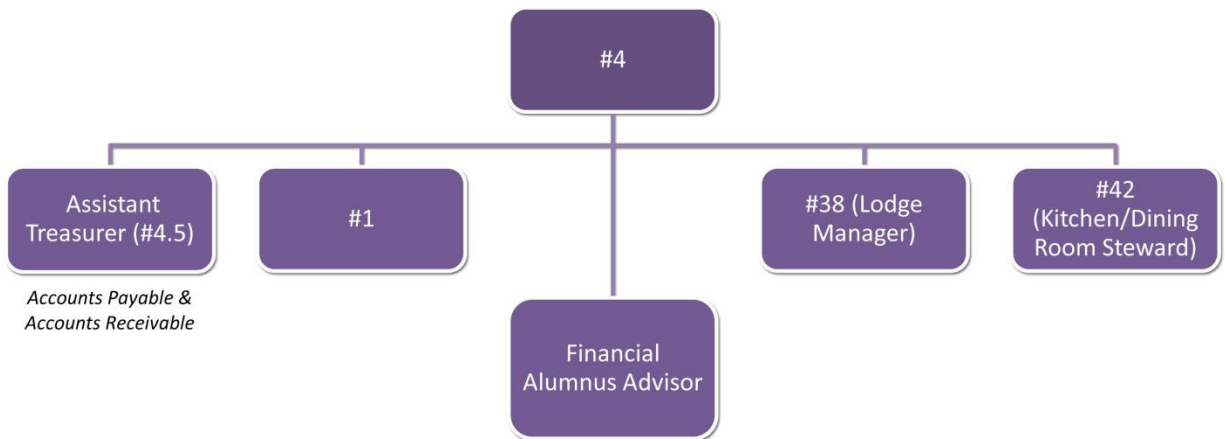
Informing Potential New Members and Current Pledge Class Members

During recruitment events and pledge education, all active Brothers of the Alpha must be upfront and honest about expenses associated with membership. In addition, you must inform the potential new members and pledge class members of the Alpha's fiscal policies. Failure to effectively do this will unavoidably lead to a loss in Alpha income or an increase in

Brother dues to compensate these losses. In sum, neither the individual, nor the Alpha benefits from communication inefficiencies.

Establishing a Finance Committee

A finance committee will oversee your budgeting process and enforce the financial policies of your Alpha. You as #4 will serve as the committee chairman, and your #4.5, # 1 (President), #38 (Lodge Manager), #42 (Kitchen/Dining Room Steward), and an alumnus financial advisor will serve under you. Your #4 predecessor will continue to serve a vital role, and offer you guidance in areas of financial management and accountability.



Each member of this finance committee will be required to complete specific functions.

The #4.5 will serve roles tending to both accounts receivable and accounts payable affairs.

Concerning accounts receivable affairs, your #4.5 will ensure the accuracy of Brother balances in the Alpha's electronic billing system (ie. QuickBooks, Greek Capital Management, Omega Fi, etc.), and enter payments received by the Alpha. In addition, your #4.5 will ensure accuracy of Brother statements with a billing service account representative and work with Brothers to create a payment plan.

Concerning accounts payable affairs, your #4.5 will act as a signatory on the Alpha checking account and assist in the education of Brothers and new pledge class members regarding the Alpha's financial policies, procedures, and obligations for active membership. In addition, your #4.5 will assist with creation/maintenance/reporting of the Alpha's operational budget and ensure timely payment of all balances due by the Alpha.

The #1 will provide undergraduate officer oversight for the Alpha's financial operations.

More specifically, #1 will act as signatory on the Alpha's checking account, assist in the education of Brothers and pledge class members regarding the Alpha's financial policies and procedures, and assist #4 in enforcing the Alpha's financial policies.

The #38 (Lodge Manager) and #42 (Kitchen/Dining Room Steward) will serve as Lodge and kitchen operations liaison to the Alpha's finance committee. The Lodge Manager and Kitchen/Dining Room Steward will oversee placing orders for maintenance cleaning crews and food service providers. These orders must be reported to you each week and recorded as accounts payable expenses. #38 and #42 must also assist you in enforcing the Alpha's financial policies as they pertain to Lodge and kitchen operations.

An alumnus financial advisor will provide professional oversight for the Alpha's financial operations. You and your #4.5 must work closely with an alumnus financial advisor to ensure that financial organization and accounting are maintained. Typically, your alumnus financial advisor will be a member of either your Alpha's Alumni Corporation or Alumni Advisory Board. Through his experiences as a former #4 and/or career, he will be a valuable resource. Be sure to keep regular communications with your alumnus financial advisor regarding budget operations and financial policy. If possible, invite him to finance committee meetings. In turn, you and your #4.5 must accompany #1 as undergraduate liaisons to scheduled Alpha Corporation and Alpha Alumni Advisory Board meetings. Fostering these relationships will improve communication and efficiency with your Alpha's general alumni body.

Learning How to Effectively Communicate

Plan ahead. Every moment spent in planning saves time in execution.

Write it down. It will help you remember and allow you to share with others for feedback.

Don't get caught up in insignificant details. It will prevent you from finding the time to take action on real issues.

Don't procrastinate. Don't waste time dreading a pesky task.

Budget your time. Allot yourself the amount of time you feel you need, with diligent application, to accomplish each task.

Making habits work for you. Creating good habits will speed up your routine tasks.

Learn to say "no." Popularity is great to have, but don't let it lure you away from accomplishing tasks.

Relax and let your mind create. An organized person can expect more leisure time as his appropriate reward. And leisure time is a valuable commodity.

THE COSTS AND PROCESSES OF CHI PSI FRATERNITY MEMBERSHIP

The following are the costs associated with membership of Chi Psi Fraternity. It is extremely important that you communicate this with your Alpha's stakeholders and communicate with the Chi Psi Central Office if you have any questions or concerns.

Added Value

- **Membership Dues** – Alpha Visitor consultation services; Networking events and opportunities, alumni events, and lifetime subscription to the Purple and Gold Magazine
- **Liability Insurance** – Liability protection coverage in the case of an unfortunate incident; Member Accident Protection Program supplemental health insurance coverage.
- **ABF Dues** – Savings account held by the Chi Psi Central Office for Lodge repairs, and ritual and recruitment paraphernalia purchases
- **Pledge Fees** – Personal copy of *The Chi Psi Story; Program for Pledge Education* workbook; pledge button
- **Initiation Fees** – Brother Badge crafted based on your preferences. This amount may vary depending on the Badge Option the new initiate decides to purchase. These amounts are found on the Initiation Roster Template provided by the Chi Psi Central Office.

- **Convention Fees** – Your Alpha’s contribution to Chi Psi Fraternity’s Annual Convention expenses (i.e. room, board, travel costs, Spencer Institute training, event admission)

Your Alpha’s Alpha Building Fund (ABF)

The purpose of your ABF is to ensure that your Alpha has a reserve fund to use to purchase or to maintain the Lodge. Contribution to your ABF account is based on a sliding scale determined by the Fraternity’s Alpha categorizations and voted upon by our Fraternity’s Executive Council.

The ABF is held as a separate account and collective investment fund of the Fraternity. The contributions of each Alpha are placed into the Alpha’s separate account. The funds contained with the Alpha’s separate accounts are assets of the individual Alphas.

Financial communication and transparency, especially the usage of alumni donations and your ABF, are extremely important toward your Alpha’s success. For you to access this account to improve the Lodge or purchase ritual and recruitment paraphernalia, you must receive your Alumni Corporation's approval (or when applicable, your Alpha’s alumni advisory board). You are very fortunate to have very accessible and active alumni who care deeply about your Alpha. Maintain a good relationship with them, inform/include them in appropriate events held at the Lodge, provide a detailed report of your Alpha’s current financial status, and you’ll be on track to earning their approval. Such a relationship will make them more willing to assist you in allocating the necessary funds to improve the physical structure of the Lodge.

The Importance of Membership Status

You will notice that many Alpha invoices are based on membership status. **Below are the descriptions of each potential membership status of Chi Psi Fraternity.**

Active – A member who pays membership dues and enjoys all the privileges of the Lodge and Alpha activities.

Pledge – A member who has signed a bid, and has pledged to join Chi Psi

Abroad – A member who is studying abroad. If the member is abroad for a semester, you are still required to pay insurance for them, as insurance is billed on an annual cycle, and they need to be insured for the semester they are active. If they are abroad for the entire year, you do not need to pay insurance on them.

Alumnus – A member who has graduated, or who has left school permanently or indefinitely. For example, this member may have transferred to a college or university that does not have a host Alpha. However, if the member has transferred to a college or

university where an active Alpha exists, let the Chi Psi Central Office know. They will work out the details on a case-by-case basis.

Resigned – A member who has decided they no longer want to be a Chi Psi Brother. Members who resign are no longer associated with Chi Psi, are not considered Alumni, and are expected to turn in their Badges. It goes without saying that former members who have resigned are not allowed at any Chi Psi events or meetings. If a member resigns, the Chi Psi Central Office requires a statement from the former member stating that they are resigning, and if possible, stating the reasons for doing so.

Expelled – A member who has been kicked out of an Alpha, for whatever reason. Members who are expelled also are no longer associated with Chi Psi, are not considered Alumni, are expected to turn in their Badges, and again are not allowed at any Chi Psi meetings or events. If a member is expelled, the Chi Psi Central Office requires the minutes from the meeting from which they were expelled.

De-pledged – A member who has pledged Chi Psi, but for whatever reason did not activate, whether the decision was made by the Alpha or the pledge class member. It is expected that this person is treated as any other non-member of Chi Psi, with no special liberties, nor any hostility.

Insurance Program Summary for Chi Psi Fraternity

Why do we need insurance coverage?

Fraternities are a frequent target for lawsuits because they are considered inherently risky operations – especially as it relates to social activities. For instance, suppose someone is injured during an Alpha event and this claim evolves into a nasty lawsuit that names you as a defendant. Our insurance will cover you, as well as the Fraternity, if you are an active member of Chi Psi Fraternity in good standing, you did not violate any laws or intentionally cause harm to the other person, and you were acting in good faith.

Why are Liability Insurance fees so expensive?

Fraternities and Sororities are a high-risk market and often create expensive claims for insurance companies. The behaviors of the entire Greek community have an impact on everyone's insurance rates.

Who is covered under the insurance policy?

- Chi Psi Fraternity, staff, volunteers and boards
- Chi Psi Educational Trust, staff, volunteers and boards
- Undergraduate Alphas of Chi Psi, officers and members
- Chi Psi Alumni Corporations, directors and officers
- Chi Psi Alumni Advisory Boards, directors and officers

- Chi Psi Local Educational Foundations, directors and officers
- Chi Psi Regional Alumni Associations, directors and officers

What is a Certificate of Insurance?

A Certificate of Insurance is a form that verifies that you have insurance, states the coverage limits, and identifies who is covered under the policy. Sometimes your college or university will want to see a Certificate of Insurance as proof that you have adequate insurance. Similarly, some venues that you might use for philanthropies or other functions might require a certificate. If a certificate is needed, contact the Chi Psi Central Office. Remember to plan ahead because it can take up to two weeks to get the certificate.

Policies and Coverage

- **General Liability**, \$1 million coverage, \$2 million general aggregate limit.
- **Umbrella Liability**: \$1 million per occurrence limit, \$1 million general aggregate limit
- **Directors and Officers**, \$3 million coverage, \$3 million general aggregate limit
- **Crime**, \$1 million coverage
- **Member Accident Protection** (undergraduates only)
- **Property and** coverage varies by location

Member Accident Protection Program (MAPP)

This policy provides coverage for all active undergraduate members that are injured as a result of an accident, regardless of where or when the accident occurs. The program also provides a \$5,000 death benefit.

Claims

All claims are handled by a claims manager within the Fraternity Risk Management Trust (FRMT). All legal fees are covered by the insurance program, but legal representation must be approved by the FRMT and Chi Psi Fraternity.

Insurance Penalties

Insurance penalties are assessed to an Alpha or Corporation for non-compliance with insurance program requirements, late payments, or violations of Chi Psi or host institution risk management policies.

Insurance Penalties and Discounts

5 % Discount – Complete Risk Management Programming, Timely Payments in Full

5 % Penalty – Per Incident, Not reporting to the Central Office

5 – 10% Penalty – Failing to complete risk management educational requirements

10 – 30 % Penalty – For preventable claims

THE ALPHA'S ANNUAL OPERATIONAL BUDGET

In order to run any business effectively, one must develop a satisfactory and workable operational budget. If a budget is properly developed and strictly adhered to, it will serve to ensure financial stability of the Alpha for the fiscal year.

What is a budget?

A budget is simply an estimate that reflects the Alpha's financial goals and objectives. In this context, your Alpha is estimating the income and expenses in two different departments: Alpha operations, and commissary operations. It is especially important that you utilize the previous year's checkbook, collections records and budget, if available, to project what the Alpha's income and expenditures will be. A more accurate estimate means fewer surprise bills and financial problems over the course of the calendar year.

How do I prepare a budget?

1. Set a timetable for the entire process, including finance committee meetings and deadlines. **Completing a budget is pivotal in the operation of the Alpha and should be completed prior to the start of the school year.**
2. Appoint a budget task force or committee as an entity of the finance committee.
3. Before the budget meeting position holders must prepare and submit a budget request to meet anticipated expenses.
4. Make decisions on relevant areas based on the previous fiscal year's expenses, member budget requests, and expected cost increases over the coming fiscal year. Keep in mind major repair expenses and your Lodge's improvement goals.
5. If proposed expenditures are greater than proposed income, first check if any area(s) can be cut, such as rent, utilities, building maintenance, taxes, etc. Reductions can come from social, recruitment, and perhaps food operations. If reductions cannot be made, or if the Alpha is not willing to decrease its style of living, then the other alternative is an increase in Alpha dues or an increase in membership numbers.
6. Include a substantial cushion in the budget to cover unforeseen expenses.
7. Always overestimate expenses and underestimate income.
8. Once the executive committee has agreed upon the budget, you must present it at a Brothers meeting. Hook your laptop up to the TV with an HDMI cord, and you will present next year's budget. This will give all other Brothers who do not hold an executive committee position the opportunity to voice their opinion or share any concerns they might have. Such a process will give you more reason to hold Brothers financially accountable, since they will know before the start of summer break how much they owe to the Fraternity upon returning next fall. It is the individual Brother's responsibility to save accordingly over the summer to pay his financial obligations to the

Fraternity. This same presentation must be made after your pledge class has been finalized, and after the pledge class has been initiated.

How do I revise my Budget?

Remember, a budget is nothing more than an estimate that reflects your Alpha's financial goals and objectives. If you find line items going slightly over or under the budget, then everything is working normally. However, if you incur a major expense that was either unforeseen or simply not accounted for in the budget document, and that expenditure has a substantial impact on the annual budget, then a revision is necessary. You may also need to reconstruct the budget if an important line item is missed or created during the year. **Don't be afraid to make revisions.** As a practical rule, if the difference is greater than 10% of total income, then a revision should be made. However, Alphas with smaller budgets might consider a 5% difference as "substantial."

It is strongly advised that you work with at least two budget documents throughout the year. The first document is the initial budget, while the second document is a forecast budget. The **forecast budget** reflects changes that have occurred in the Alpha's financial plan. These changes may include:

- The Alpha's fall pledge class has five more members than expected
- Lodge occupancy varies
- An alumnus agrees to sponsor an event with an extra \$500.00
- A parent writes a check for three new computers for the Lodge Library
- Your Alpha's Alumni Corporation agrees to pay for the new boiler system in full
- The new boiler is so efficient that your Alpha's gas bill is reduced by 20%

The forecast budget may also be used to inform your Alpha's leadership and membership of impending problems and give the entire Alpha the opportunity to create solutions.

Income

It is generally a good practice when preparing income estimates for the budget to error conservatively, particularly in areas concerning fundraising activities. Overestimating the amount of income received over the course of term can have disastrous results.

Communicating with other fraternity chapter treasurers on your campus, as well as #4's of similarly sized Alphas, will help you establish an appropriate dues level for your Alpha.

Since your Alpha's budget is membership driven, a strong recruitment will have a profound impact. The budget shown would be an example of a 70-member Alpha that recruited 20 men and initiated 18 of those men. Furthermore, this particular Alpha privately owns their Lodge and typically only pledges one class every spring. The figures below combine the costs of fall and spring membership.

Income	Number	Total Amount	Budgeted
Member Dues			\$59,465.00
<i>Membership Dues</i>	70	\$300	\$21,000.00
<i>Liability Insurance</i>	70	\$290.00 (estimate)	\$20,300.00
<i>ABF Dues</i>	70	\$100.00	\$7,000.00
<i>Pledge Fees</i>	20	\$90.00	\$1,800.00
<i>Initiation Fees</i>	18	\$350.00	\$6,300.00
<i>Convention Fees</i>	88	\$450 + \$30/ea.	\$3,090.00
<i>Fundraising</i>			\$ --
Other Income			\$ --
Total Income			\$59,490.00

In order to prevent a great recruitment class from creating a financial burden on your Alpha's budget, you must charge pledge class members a small amount on top of what is mandated by the Chi Psi Central Office. This income will allow you to fund pledge activities

A pledge class member will not be initiated without first paying his pledge and initiation fees to the Alpha. Establishing a precedent of financial responsibility during the pledge education process will help create more responsibility and committed lifelong Brothers. After examining the projected expenses for the term, you might find it necessary to revisit the dues structure of the Alpha. While expenses may sometimes be cut in certain areas, the simple, yet unpopular solution to the budgetary deficit is increasing the membership dues.

Administrative Expenses

Each semester, there are certain expected administrative expenses that you will encounter. These include your dues to the Chi Psi Central Office, Liability Protection Insurance premium, and local costs associated with Alpha operations. Many examples of administrative expenses are shown below.

Administrative Expenses	Number	Amount	Budgeted
Debt Retirement (to XΨ)			\$ --
Debt Retirement (to local creditors)			\$ --
Officer Compensation*	5	\$1000	\$5,000.000
Liability Insurance	70	\$290.00 (estimate)	\$20,300.00
Membership Dues	70	\$300	\$21,000.00
ABF Dues	70	\$100	\$7,000.00
Pledge Fees	20	\$90	\$1,800.00
Initiation Fees	18	\$350	\$6,300.00
Convention Fees	88	\$450+\$30/ea.	\$3,090.00
IFC Dues	88	\$15.00	\$1,320.00
Composite			\$1,500.00
Other Administrative Expenses			\$ --
Administrative Considerations			\$9,143.20
Total Administrative Expenses			\$76,453.20

* Officer Compensation is a \$1,000.00 discount on dues to Brothers who hold #1-#5 positions

It is good practice to budget for savings and uncollected income in addition to other expenses your Alpha may incur. While a collection rate of 100% is an excellent goal, this is rarely a reality. The “Administrative Considerations” shown under “Administrative Expenses” are an aggregation of the items shown below.

Administrative Considerations			Budgeted
Collection of Delinquent Accounts			\$ --
Billing Service Finance Charge		6.50%	\$3,001.77
Reserve Fund		3.50%	\$1,616.34
Accounting Services			
A/R Contingency (uncollected income)	10.00%	10.00%	\$4,618.10
Total Administrative Considerations			\$9,236.21

The budget above allows for an A/R contingency of 10%, which means that your Alpha is collecting only 90% of its billed invoices. Showing the Brotherhood, the effect uncollected income has on the budget will aid in collection efforts.

Programming Expenses

Programming expenses consist of committee budgets and special Alpha programs and are typically considered the fundamental components of Alpha operations. These programs are what your campus and outside community associate with fraternity life, thus making it especially important that you maximize the Alpha’s financial resources in programming. Below is a sample budget for programming expenses.

Programming Expenses	Budgeted
Recruitment	\$6,250.00
Social	\$16,250.00
Formal	\$6,250.00
Pledge Education	\$2,812.50
Alumni Relations	\$2,125.00
Brotherhood	\$3,000.00
Public Relations	\$875.00
Scholarship	\$2,375.00
Athletics	\$2,000.00
Continuing Education	\$1,000.00
Executive committee	\$625.00
Historian	\$1,962.50
Risk Awareness	\$1,125.00
Campus Involvement	\$750.00
Community Service	\$1,250.00
Special Events	\$562.50
Homecoming	\$4,000.00
Other Programming Expense 1	
Other Programming Expense 2	
Other Programming Expense 3	
Total Programming Expenses	\$46,650.00

Actual/Year-to-Date Totals

A budget is only as useful as its application. If budgets are created, then ignored, the process is substantially less valuable. You must update the budget using actual/year-to-date (YTD) totals. Actual/YTD totals is a useful technique in measuring income and expenses to date against the total budget.

Net Profit/Loss

The goal in creating a balanced budget is to make certain that the expenses of the Alpha do not exceed the income. There is no need to carry a substantial surplus if you have already budgeted for reserves and have sufficient A/R contingency.

Committee Budget Requests

When a committee chairman submits a detailed budget request, the Alpha's finance committee determines, given the resources available and validity of the event/expenses, whether to grant the entire request, a portion of it, or deny it entirely. These decisions should complement the goals established by the Alpha at the Brotherhood meeting prior to the beginning of the period for which the budget applies.

The request summary should be broken down into greater detail, itemizing what will be purchased and when the funds are to be paid out. A timeline aids the Alpha's finance committee in ensuring that the necessary funds will be available when needed.

Working With the Lodge Manager (#38) & Kitchen Steward (#42)

When organizing your finances, follow the analogy of operating three businesses: a social club, a hotel, and a restaurant. This approach is an effective way to analyze your Alpha's financial operations. For Alphas with a Lodge, the "hotel" portion of operation should be self-sustaining (*in other words, it should be supported by rents, not membership dues*). The same is true for Alphas that operate a kitchen. You will likely find the greatest financial stability when each aspect of Alpha operations is maintained with individual budgets.

In creating the Lodge budget, just as in operations, you will find it most effective to establish rental rates and parlor fees based on the expenses of maintaining the Lodge. Best practices dictate that all tenants be charged market rental rates and "**parlor fees**" be collected from all Brothers. Just as every Brother receives the benefit of the Lodge, so too should each Brother help shoulder the financial burden. Parlor fees by each Brother help offset costs of Lodge maintenance (*electricity, heating, etc.*). Lower live-in parlor fees can also serve as a deterrent to Brothers moving out. **Your Alpha must have a live-in requirement in their bylaws to help ensure full occupancy.**

There are many common practices employed by Alphas that assist in the management of Lodge finances. These include:

- Implementing varying rates for single and multiple-occupant rooms
- Requiring a damage deposit of all members (*live-in and live-out*), and
- Instituting a flat rental rate to the Alpha's Alumni Corporation that does not fluctuate based on occupancy

Individual tenant contacts are also a common characteristic of Chi Psi Fraternity’s strongest Alphas. The following are examples of items included in the Alpha’s Lodge budget:

Income
Rent
Room Type 1
Room Type 2
Room Type 3
Parlor Fee
Damage Deposits
Live-In
Live-Out
Other Lodge Income
Total Income

Expenses
Rent to Alumni Corporation/Private Landlord
Damage Deposits
Pest Control
Trash Removal
Utilities
Lodge Maintenance Supplies
Grounds Maintenance
Telephone
Internet
Cable/Satellite Television
Contingency for Variable Expenses
Other Lodge Expenses
Administrative Considerations
Total Expenses

Again, your Alpha must separate its Lodge and kitchen operations. If one of these two budgeted areas fails to bring in enough income to sustain its operation, your Alpha must consider the possible termination of its operation. It is not considered good practice to “transfer” money between accounts. While this may appear as a short term solution, it will lead to long-term troubles.

Creating an Event Budget

Organizations will often pursue fundraising as a method of subsidizing expected costs or donating to a cause they believe in. Planning a fundraising event requires meticulous attention to detail, minimization of sunk costs, and regular communication with stakeholders to ensure that all are engaged and are given the opportunity to participate. Remember, the amount of people attending your event will typically determine the amount of revenue raised! These events may also be used as recruitment opportunities as potential new members who have an interest in event planning or believe in the cause your Alpha is fundraising for will attend and engage in conversation with Brothers. If your Alpha’s event is held on campus, you must communicate with the Office of Student Affairs to register the event. The same budgeting approach must be taken when planning social events. Below is an example of an event budget.

BOOTS AND BOWTIE EXTRAVAGANZA

Featuring Br. Paul Braswell, ΞΔ '80



Welcome to the 25th annual Boots and Bowtie Extravaganza! Join us as we celebrate America, Texas Independence, and Paul Braswell's favorite Chi Psi event! All proceeds will benefit cancer research, but you'll need to act fast as there are only a limited number of tickets being sold for our Alpha's signature event!

Income	Quantity	Amount	Extended
Ticket Sales	100	\$75.00	\$7,500.00
Sponsorship	4	\$250.00	\$1,000.00
Total Income			\$8,500.00

Your Alpha sold 100 tickets for \$75.00 each. In addition, four local businesses sponsored your event, each donating \$250.00.

Expenses	Quantity	Amount	Extended
Hotel Banquet Hall	1	\$800.00	\$800.00
Food Service – Chicken	200	\$13.50	\$2,700.00
Hotel Cash Bar	1	\$50.00	\$50.00
Security	4	\$200.00	\$800.00
Decorations	1	\$500.00	\$500.00
Entertainment	1	\$750.00	\$750.00
Total Expenses			\$5,200.00

These are the costs and expenses your Alpha will incur in planning the Boots and Bowtie Extravaganza event.

TOTAL INCOME – TOTAL EXPENSES = NET PROFIT

$$\$8,500.00 - \$5,200.00 = \mathbf{\$3,300.00}$$

The starting point for this event is last year's costs. Consider the following, what if...

- The hotel raised its rental rate to \$1,200.00?
- The food service has raised its rate to \$14.25 per plate?
- The Hotel now requires one Security person per 50 attendants?

Your net profit would then be \$2,200.00.

Not as much, but you can still consider this a great event! You are responsible for maintaining the budget for the event, changing the expectations of the Brothers and the recipient charity, and possibly changing the price per ticket. You must oversee the expenditures for the event to make sure they are on budget.

Creating an Educational Programming Budget

Each year, the Chi Psi Educational Trust Inc. funds several educational programs that aim to enhance your Alpha's undergraduate experience and overall organizational performance. The following are a two of our most popular programs:

Alpha Management Retreat (AMR)

The AMR, conducted over a weekend and led by a trained alumnus volunteer, is a working forum in which a representative group of Alpha leaders discuss and design short-term and long-range goals for their Alphas. Management and leadership information provided by the facilitator is used to forge a new identity for many Alphas and refine the image of others. Undergraduate Chi Psi not only learn vital leadership concepts but how to use them to improve Alpha operations.

The Program for Self-Development (PSD) helps participants learn to look inward and understand the importance of:

- Personal Development – Understanding his own personality and how to use this understanding to reach his full potential.
- Goal-Setting – Establishing short-term and long-term goals.

- Mutual Assistance – Being more self-disciplined in relying on his own ability as well as on the strengths of others.

The Chi Psi Educational Trust Inc. will fund the travel expenses of the alumnus volunteer facilitator, as well as the necessary materials (i.e.. print costs, pens, markers, poster boards, easels) needed to complete the program. It is the Alpha's responsibility to fund the food and drinks, and find the location of the program. Be mindful of the number of people attending the educational program when budgeting. The following are a list of things you may consider purchasing:

- Room Reservation (for those Alphas without a Lodge)
- Supplies – Napkins, Plates, Plastic Utensils
- Breakfast – Bagels, Cream Cheese, Orange Juice, Coffee, Doughnuts, Fruit
- Lunch – Sandwiches, Potato Chips, Soda, Water
- Dinner – Call local restaurants to price quote catering, Hamburgers, Hotdogs, Buns, Condiments
- Campfire Materials (for retreats) – Marshmallows, spits, Hersey's chocolate bars, Graham crackers

Suggested Price Range: \$400-\$800

Creating an Initiation Budget

Each semester that you accept a pledge class, you will be required to host an initiation. **Supplies will be needed in order to get all those participating through the long and late hours of the initiation. Be mindful of the number of Brothers and pledge class members participating in the initiation. Use the appropriate officer manual as your reference.** The following is a list of things you must consider purchasing:

- Supplies: Garbage bags, duct tape, batteries, printer paper, markers, flashlights, candles, lighters
- Food – Sandwich platters, snacks, water packs, Gatorade, coffee, plates, napkins, plastic utensils, 5 hour energy drinks

If your Alpha chooses to host an Initiation Banquet following the ceremony, please refer to '*Creating a Event Budget*' for more details.

Suggested Price Range: \$500-\$1000

FINANCIAL POLICY AND ACCOUNTABILITY – MANAGING ACCOUNTS RECEIVABLE

Financial accountability determines organizational success. While an Alpha may at any point establish policies to contain certain behavior and practices, these policies are essentially worthless if the organization has no way of holding its members accountable. It is your job as #4 to ensure financial policies are effectively established and upheld.

Membership Agreements

Membership agreements are legal documents that describe the responsibilities of the Alpha and of individual pledge class members and active Brothers throughout membership, are highly recommended.

If a member is a minor, the agreement should be signed by his parent(s) or guardian(s). The advantages of such an agreement include:

1. The responsibilities of each party are acknowledged in writing and the member in effect makes a written commitment to pay his fees.
2. Parents or guardians, who provide funds to their son for payment of his fees, will be made aware of their son's obligations.
3. This agreement could be legally binding and used to collect the fee obligations due to payment delinquency or other breach of the agreement. The provisions in such agreements are fully governed by each state's laws.

Payment Plans

A payment plan may be defined as a means either to collect fees in advance or to ensure payment of a past debt by partial payments. Receiving payments in advance can help you in terms of cash management. Every Alpha will occasionally experience a Brother or pledge class member who cannot pay his fees on time because of circumstances beyond his control. A special payment plan over a period of time could be developed for such members, but these should be limited.

Like every business, the Chi Psi Central Office sets deadlines for Alpha invoices to be paid.

As #4, you must do the same with individual Brothers of your Alpha, and set final payment plan installment deadlines no later than two weeks before Alpha invoices are due. Try to keep payment plans fairly consistent among Brothers – it will be easier for you to keep track. Create **three payment plan options**, and the individual Brother may choose which payment plan is appropriate based on his own personal financial situation. Signed contracts may be used to bind individual Brothers to their agreed payment plan. **Your university or college may be willing to notarize the contract if you and the individual Brother**

go to the financial house and sign the contract in the presence of a state certified official – please contact a representative in your campus’ Office of Fraternity and Sorority Affairs to learn more.

Billing Invoices

Since your Alpha’s operational budget is like that of a small business, billing invoices must appear as professional as possible. Itemizing the charges allows the members and his parent(s) or guardians(s) to see at a glance what the amount billed is being applied toward.

It will be beneficial, instead of simply listing “Pledge and Initiation Fees,” to break down the charges and show what the money is being applied toward (i.e.. Chi Psi Story, pledge button, Program for Pledge Education workbook, Brother Badge and certificate).

Furthermore, including line items such as Willis of Minnesota Inc. Liability Insurance, pledge fee, initiation fee, IFC dues, Lodge parlor fees, composite costs, etc. will be easier for the Brother to justify paying than an arbitrary amount.

The determined billing address of the invoice will be given careful consideration. Invoices that are mailed to a Brother’s home address tend to display a faster turnaround and higher collection rate than invoices mailed to a Brother’s school mailbox address. **You should establish a policy where any Brother that becomes delinquent has future invoices sent to his home address.**

QuickBooks’ billing service automatically provides billing statements for each member. These invoices can be sent several times over the course of the billing term. QuickBooks allows you to keep a complete online record of every member’s financial history.

Managing Delinquency

For an Alpha to successfully collect its accounts receivable, you and your Alpha’s finance committee must ensure membership agreements and social security numbers are on file for all Brothers and pledge class members. Electronic billing programs will typically contain a feature that safely records this information. While such resources will undoubtedly increase the awareness of Brothers and success of future collection efforts, the following practices may assist with your efforts to collect delinquent accounts receivable that have been passed down to you:

Social & Athletic Suspension. A Brother or pledge class member who is financially delinquent will not be allowed to participate in activities which he has not financially supported. Alphas have identified the practice to be extremely successful, especially when a major function such as a formal or date party is planned.

Fines. Self-explanatory. If a Brother or pledge class member does not pay his financial obligations to the Alpha by the agreed deadline, a fine or penalty will be implemented.

Withholding Academic Records & Registration. Several colleges and universities will place a “hold” on a Brother or pledge class member’s academic account if he is financially delinquent to a student organization. Such Brothers may not be eligible to receive grades, register for semester courses, or obtain a copy of their academic transcript until the Alpha notifies the host institution that the member has paid. Please speak with your college or university’s Office of Fraternity and Sorority Affairs advisor for more information, and what actions your host institution is able/willing to take.

Pro-rating. This practice involves dividing any remaining number of accounts receivable among the Brothers who have paid. The paid Brothers must pay this additional assessment; however, they will receive a credit toward their account when all delinquent Brothers have paid.

Statement of Delinquent Account. An Alpha may submit a *Statement of Delinquent Account* to the Chi Psi Central Office. A certified letter will be mailed to the delinquent Brother notifying him of his debt and demanding payment within 30 days. If the delinquent Brother fails to respond by sending full payment, he will be expelled from the Fraternity. If a delinquent Brother pays his account after he has been expelled, he will be reinstated (*if approved by the Alpha*). You may add a \$10 fee to the delinquent account invoice to cover the cost incurred by the Alpha for submitting this statement.

Collections Agency. When all other options have been exhausted, you may find it necessary to send the delinquent Brother’s account to a collections agency. This is typically a last resort. Even if the individual does pay the amount in full, the collections agency will withhold a large portion of that amount collected as a fee for their services.

Court Action. As a last resort, an Alpha may consider legal action against a delinquent Brother by processing a lawsuit in a small claims court. This process requires that the Alpha have accurate records and documentation of the delinquent account.

Important Tip to Remember: Turning an account over to a collection agency will be one of the most uncomfortable aspects of your job as #4. However, you must realize that it is the delinquent Brothers that have failed to fulfill their obligations to the Alpha, forcing you to use these methods.

Placing Financial Policy in your Alpha's Bylaws

An outline of the Alpha's policies must be included in the Alpha bylaws or as an appendix to the bylaws. This will ensure that the policies will be available to all members and their application will be consistent. **Below is an example of a finance policy an Alpha might place in its bylaws.**

A. Fines

Anyone who does not pay 100% of their required financial obligations by midnight on the due date or who has not requested and been granted a "special payment plan" pursuant to the Alpha *Bylaws* and *Membership Agreement* may be fined 10% of the delinquent balance, up to a maximum of one hundred dollars (\$100.00) and is immediately suspended. Such Brothers shall remain on suspension until their debts and fines have been paid in full or be subject to expulsion from the Alpha.

B. Judicial Board Fines and Reparations

All fines must be paid within fourteen (14) days. If the fine is not paid within fourteen (14) days, the initial fee will be doubled, and action may be taken to place the individual on suspension.

C. Suspension

Any Brother suspended due to indebtedness may be prohibited from participating in any Alpha activity, including, but not limited to: Lodge meal services/privileges, Alpha meetings (*including voting privileges*), participation in intramural games, attendance at social functions, wearing or displaying Fraternity apparel, and otherwise identifying himself as a member of the Alpha. Furthermore, any Brother who attends a social function while on suspension may be expelled from the Alpha.

1. Definition: suspension shall hereby be defined as "the denial for a definite period of the privileges and benefits of membership."
2. Any Brother on suspension may have a letter sent to his parents by #4 and/or Alpha's alumni financial advisor, itemizing all charges. Anyone who "bounces" a check to the Alpha shall be suspended and fined ten dollars (\$10.00) in addition to all costs associated with the "bounced" check and is required to pay in cash for the remainder of the semester.

D. Expulsion

The executive committee shall automatically initiate expulsion proceedings against all Brothers who have financial obligations which are sixty (60) days past due. Said persons may be referred to a collection agency or small claims court, as well as the Chi Psi Central Office. In order to be reinstated following expulsion due to indebtedness, the procedures outlined in Chi Psi Fraternity's *Constitution* and *Bylaws* must be followed.

ACCOUNTS PAYABLE CONTRACTS AND VENDOR AGREEMENTS

Contracts

When someone is performing a service for your Alpha on campus you must obtain a contract. Bands, DJs, instructors, referees, and speakers performing on campus are examples of when a contract is required.

Why are contracts necessary?

- To clearly outline the terms of the agreement that will in turn protect your Alpha from paying for things that were not agreed to.
- To process payment for performances on campus. **DO NOT PAY A VENDOR CASH, USE A CHECK!**
- To protect your Alpha regarding liability issues.
- To impose an approval chain for events to ensure events are being reviewed and tracked. Depending on the nature of your event there may be insurance requirements and/or Risk Management review required.

When do you need to obtain a contract?

- Anytime you hire a performer, speaker, DJ, instructor, referee, etc. (any individual or company that is providing a professional service) on campus.
- Anytime you hire a speaker on campus and pay honoraria, meals, lodging and/or travel costs.
- If you are renting equipment or a technician is being paid to operate the equipment.
- If an outside entity requires a contract for your Alpha to engage in business.

Where is the Event Located?

- The venue for the event determines where your Alpha should obtain contracts.
- Events taking place outside may require contracts from your college or university. Refer to your Greek Life advisor for more information.

Vendor Agreements

When are vendor agreements necessary?

- Your Alpha is sponsoring a vendor to come to campus for commercial activity (sales and/or promotion).
- Your Alpha is conducting fundraising activities on campus that include the sale of products your Alpha does not own. (For example, your Alpha sells candy they do not

own through a company that will give your Alpha a percentage of the sales once the money is collected.)

Vendors that compete with standing college or university sponsor contracts will not be allowed on your college or university's property. Some companies, for example, currently under contract with most universities include Pepsi, Nike, and Bank of America (credit cards).

When are vendor agreements NOT necessary?

- Your Alpha outright buys the product and sells it as a fundraiser. For example, your Alpha buys t-shirts to sell for a profit.

PROPER ACCOUNTING PROCEDURES

In an effort to inform you of the several roles you will serve, this section provides an outline of common accounting procedures with which you need to be familiar. The specifics of how each Alpha's finances are operated may vary, yet these principles are common throughout the Fraternity. You will need the following items:

Members' monthly bill record: a spreadsheet with members' names, credit, and debit columns. This details where the money is being spent and how much each person owes;

Cash book: lists all deposits and withdrawals made to and by the Alpha. Be sure to record all important information and keep it up to date;

Receipts: a receipt should be given for all money received

Checkbook: all payments should be made by check. Save PDF versions of bank statements for reference.

If you have any further questions or concerns, please contact the Chi Psi Central Office or your Alpha Visitor.

Annual Budget & Financial Reporting

Your job will be much easier with accurate, timely financial reporting. The monthly financial report should be submitted to the Alpha's executive committee and Alpha at the first meeting of the month. It is important that your #1 and fellow executive committee officers are familiar with the Alpha's financials before reviewing them with the Alpha.

Your financial report must show variance to your budget, more specifically the net profit/loss, balance sheet, bank reconciliations, and accounts receivable. It must also include both actual and Budget numbers. Your financial reports are a measure of the financial health of the Alpha and are critical to its operations. Work with your alumnus financial advisor to review these reports.

During the Month

1. Collection of Dues and Money

- **DO YOUR BEST TO AVOID CASH**
 - Encourage your Brothers (and others) to get money orders
 - Cash that is accepted must be counted in the presence of the individual paying and the pre-numbered duplicate receipt must be prepared and signed by you and the paying individual
- **Security**
 - **YOU NEED A LOCK BOX FOR CHECKS AND ANY CASH YOU RECEIVE**
 - A filing cabinet or storage box must be used to securely store financial documents
 - Keep your historical financial records in good order.
 - Buy a couple of cardboard document boxes
 - Clearly mark the contents of the boxes
 - Include a destruction date if applicable
 - Shred all financial documents when discarding

2. Bank Deposits

- **Open a checking account under the name “Alpha ___ of Chi Psi”**
 - Apply for two credit cards – one for you, one for #1 to keep
 - The three authorized account holders should be you, your #4.5, and #1
- A record of deposits should be kept in your cash book. Your deposit should equal the sum of the collections to that point.
- Record deposits in the checkbook; otherwise, the running balance will be inaccurate.
- Cash must be deposited in the Bank by the end of the next business day

3. Payments

- **Two of the three authorized signers must sign every check**
- Payment of each Invoice must be recorded against the Brother’s account and his balance must be recalculated.
- Record in the cash book the amount of the check, what the check is for, the date, and the check number
- Make a copy of all checks received and all checks payable
- Make sure the check is complete
 - Payable to “Alpha ___ of Chi Psi”
 - Numerical amount agrees with written amount
 - Check is signed
 - Memo account clearly states what is being paid

- **When you have a shortage**
 - Contact your vendor. They may offer you a payment plan.
- **Do not write a bad check!**
 - Bad checks cost you money in bank fees and you do not have money to waste
 - Bad checks are worse to the vendor than late payment. Hot checks are bad business.
 - Hot check laws vary, but, in many instances, the individual that signs the check is as culpable in prosecution as the entity he represents

End of the Month

1. **Cash book**

- Review deposit and payment records, correct any problems
- Determine total debits and credits made to budget categories
- Figure and check the running balance of all Alpha accounts

2. **Accounts receivable & Accounts Payable Analysis**

- List all accounts that are past due as of the end of the month

3. **Balance Sheet**

- A balance sheet lists all Alpha's assets and liabilities. After adding up the assets list your liabilities and total them. Finally, the difference between your Alpha's total assets and total liabilities becomes your total liabilities surplus.

INCOME TAXES AND TAX FORMS

All Alphas of Chi Psi Fraternity are held to be entitled to exemption from federal income tax, along with the Chi Psi Central Office under section 101 (9) of the Internal Revenue Code of 1939 or what is now Section 510 (c)(7) of the 1954 code.

The Chi Psi Central Office over the years has filed appropriate federal tax returns relating to its own financial operations and the financial operation of the various funds of the Fraternity; however, it has never attempted to file a group return on behalf of all the local Alphas because of the impracticality involved in assembling the required information. **Consequently, the responsibility of filing tax returns for your Alpha resides on you.** These returns have been and must be filed with the District Director in the Internal Revenue District in which your Alpha is located.

Your Alpha must complete the appropriate version of Form 990 **each year** in order to maintain its status as a non-profit organization. These forms are available online at the IRS website,

www.irs.gov. It is strongly recommended that you seek professional guidance from your Alpha's alumnus financial advisor when completing this form.

State laws dictate whether your Alpha is exempt from state taxes (*i.e. sales tax*). When completing this form, you will have to enter the amount of gross receipts for the fiscal year. Depending on this figure, your Alpha may be eligible to file Form 990-EZ or Form 990-N (*ePostcard*).

Completing Form 990

Your Alpha's financial records are required in order to complete Part I through IV. For Part V, list the names and addresses of any employees and all Brothers who held the #1, #2, #3, and #4 position for any length of time during the fiscal year.

For any compensation, your Alpha must also have complied with federal and state payroll tax laws.

Failure to File Form 990

Each Alpha and Alumni Corporation of Chi Psi Fraternity is required to file Form 990 annually unless the Alpha's or Corporation's gross receipts are \$25,000 or less. If you do not meet this exemption and fail to file Form 990 in a timely manner, the IRS may assess a penalty of \$10 per day for each day during which such a failure to file continues, up to a total of \$5,000 per return. Additional penalties may be imposed upon the person responsible for making the filing.

If you miss a Form 990 filing date and receive a penalty notice from the IRS, the following steps may help you to avoid any further complications.

1. Immediately contact the IRS explaining that you had "reasonable cause" for such a delay or failure to file, and that therefore the penalty should be waived.
2. The following reasons, if clearly established, will usually be accepted by the IRS:
 - The delay or failure to file was caused by death or serious illness of the individual having sole authority to file the return or a member of his immediate family.

- The delay or failure to file was caused by the unavoidable absence of the individual having sole authority to file the return in question.
- The delinquency was caused by the destruction by fire, other casualty or civil disturbance of your residence, place of business, or business records.
- You were unable to obtain the records necessary to prepare the return, for reasons beyond your control.
- You mailed the return in time to reach the IRS office, but through no fault of yours, the return was not delivered within the prescribed time period.
- You did not file the return, after receiving erroneous information from an employee of the IRS.
- You were unable to file the return on a timely basis because there was little continuity or understanding of duties due to frequent officer changes.
- You claim ignorance of the law, and you have no prior history of late filing.
- You were incorrectly advised by a tax advisor that filing of the return was not required.

When and Where to File

This form must be filed by the Alpha no later than the 15th of November after the fiscal year ends. Completed returns should be sent to:

**Internal Revenue Service Center
Ogden, UT 84201-0027**

You may find additional assistance in completing this form on the IRS website or by calling the toll-free service at 877-829-5500 Monday through Friday.

#4 OFFICER TRANSITION

Few events will affect the immediate future of your Alpha more than the transition from one #4 to another. Organization and documentation are both key to maintaining continuity to your Alpha's financial health and stability.

Duties of the Outgoing #4

- The signature cards for all bank accounts should be changed to the new officers. This should be one of the first things done in the transition process.
- Provide checkbook(s) with reconciled balance(s).
- A final report should be made by the outgoing treasurer to include all transactions up to the time of transfer of funds and records.
- Pay all Fraternity assessments, dues, and fines prior to the end of term.
- Pay all bills to local creditors received prior to the end of the term.
- List any contracts the Alpha has entered into, including payment plans with members.

- Provide ledgers for all income and expenses, including details on payments for each member's account.
- Ensure your Alpha has submitted the Officer Update Form to the Chi Psi Central Office (either via form, or direct communication to Alpha Success Advisor).

Chi Psi Central Office Staff Information

Chi Psi Central Office

P - (615)-736-2520

Executive Director (#23):

**Harold "Butch" Arnwine, Tau Delta '86,
harnwine@chipsi.org, 917-605-0459**

Business Manager

Martha Vetter, mvetter@chipsi.org, 615-414-8860

Chief Advancement Officer:

**Samuel C. Bessey, Eta Delta '97,
sbessey@chipsi.org, 615-736-2520**

Associate Executive Director:

**Donald Beeson, Sigma '82,
dbeeson@chipsi.org, 919-740-1972**

Assistant Executive Director, Operations:

**Kyle Phillips, Pi Delta '16,
kphillips@chipsi.org, 704-677-4133**

Director of Advancement:

**Steve Habat, Beta '12,
shabat@chipsi.org, 803-622-2489**

Director of Marketing and Communications:

**Jeremy Dorn, jmdorn@chipsi.org,
615-761-4280**

Director of Education and Growth:

**Daniel Walker, Xi Delta '17,
dwalker@chipsi.org, 214-533-6412**