

TREASURER'S HANDBOOK

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INTRODUCTION

As treasurer, you have been elected to one of the most responsible positions available in your chapter. Without funds very few chapters can operate effectively. As treasurer, you are responsible for these funds--for their collection, for their use and for adequate accounting for them during your term.

This guide can aid you in fulfilling these responsibilities. It is divided into 3 sections:

1. Internal Chapter financial activities.
2. National Fraternal responsibilities.
3. State and Federal responsibilities.

Sample forms and examples have been provided to help you carry out the duties of the treasurer.

Although the examples may seem complicated, remember that it is much better to take a little more time keeping complete and accurate records in the first place than it is to attempt to reconstruct what happened at a later time. Brothers with formal training in accounting or experience in business will recognize that the suggested procedures are somewhat simplified compared to usual commercial accounting practices. While use of more sophisticated accounting may have advantages for your chapter, keep in mind that future treasurers may not have the benefit of the same knowledge and experience.

Finally, it is important that you take advantage of your experience as treasurer to increase your knowledge of the chapter's operation. As treasurer, you will have an opportunity to learn something about almost every aspect of the chapter. Seize this opportunity and combine it with your service as a member of the chapter's executive committee, to sharpen your leadership skills.

RESPONSIBILITIES

Serving as your chapter's treasurer means more than making deposits and writing checks. You have to do everything possible to place the chapter on a sound financial footing and keep it there.

Among your key responsibilities:

1. Develop, with the Executive Committee, a Chapter Budget, setting forth both income and expenses, for approval by the chapter membership.
2. Keep an accurate written record of all income and expenses.
3. Submit a written report describing the chapter's financial condition at every chapter meeting.
4. Collect, as the agent for the National Fraternity, all pledge fees, initiation fees and Annual Active Membership Dues (AAMD) and, working with the chapter secretary, forward this money to the National Office with the required applications and forms.
5. Prepare and file all tax forms required by the Federal, State, and local governments.
6. Comply with all reporting requirements of your college/university.
7. Arrange to have the chapter's financial records audited annually by an official approved by the institution in which your Chapter is located, and a confirmation of the audit will be sent to the National Office upon request by the National Executive Director.

≡ INTERNAL CHAPTER FINANCIAL ACTIVITIES

Campus-Controlled Operating Accounts

On some campuses, at least a portion of every organization's operating funds are deposited in and withdrawn from an administration controlled or student body-run accounting system. Although practices vary, you may not be in direct control of these funds.

It remains your responsibility, however, to know the status of each of these controlled accounts -- how much money is available in each and how the money can be used. You must also be aware of reporting requirements, due dates, etc.

Chapter-Controlled Operating Accounts

If allowed under college or university financial rules, your chapter may establish chapter-controlled checking and/or savings accounts at an outside financial institution. While this provides the chapter more flexibility in financial operations, it comes with additional risk, as college or university policies no longer protect the assets of the chapter. It will also require some additional bookkeeping on your part (see the various sections and examples which follow.)

Banks offer a variety of accounts, with varying services and charges. Choose carefully, as the institution may offer an account designed for organizations which may be better suited for the chapter. Also make sure to understand all transaction and maintenance fees.

The name on all chapter accounts must be the chapter's name (___ Chapter, Alpha Phi Omega) not "Alpha Phi Omega."

If possible, set up the account to require two signatures on a check. The chapter might want to authorize three people to sign on the account, to avoid a conflict of interest when the chapter treasurer needs to be reimbursed. You might also want to consider either making one of the three signers or adding an extra signer for a Chapter Advisor. This will help to provide continuity. Your chapter should establish a policy for authorized signatures. Whatever the chapter decides is suitable, remember that you are ultimately responsible for the money involved.

To establish your checking account, the bank will ask you to fill out a signature card. This card must be changed whenever there is a change in

the administration of the chapter. To help ensure that this is a smooth process and listing a Chapter Advisor's on the card may come in useful here as well.

Chapter Budget

The chapter budget should reflect every anticipated expense and sources of revenue to cover those expenses. Under most circumstances, it must be at worst balanced, meaning that income must always be equal to or exceed expenses. In addition to expenses for the chapter's leadership, fellowship, service and other programs, the budget may account for stationery, office supplies, telephone bills, postage, and purchase of Fraternity supplies and merchandise. Typical sources of revenue include chapter dues, revenue from fund-raising events, and sale of fraternity merchandise. A common practice is to allocate a portion of the total budgeted expense to each chapter program. Larger programs may require a more detailed allocation of the nature of expenditures. Each program budget can then be assigned to its corresponding officer. You should keep each officer informed on his or her program's actual expenses and revenue and insist that the officers keep you informed of their plans in order that you can have funds available to pay the bills.

You should develop a budget, concurrent with the chapter program cycle or fiscal year, and have it approved by the chapter, at the beginning of the program cycle or fiscal year. The budgeting process begins by meeting with the Executive Committee to determine the chapter's planned activities and the corresponding financial needs. Using the information from the previous year to estimate costs set expenses and then determine chapter dues, fundraising, college or university funding,s and other revenue sources to cover those expenses.

Review the proposed expenses and revenue carefully with the Exective Committee and compare with previous term's expenses and revenue to insure that they are realistic. In some cases, you may need to reduce costs or find new sources of revenue to support program expenses. Once the proposed activities and feasible sources of revenue are known, prepare a budget proposal, itemizing projected chapter revenues and expenses and ensuring that total expenses do not exceed total revenues.

The budget proposal should be shared with and approved by the Executive Committee and then presented to and adopted by the chapter membership. Once this has been completed, it is your responsibility to see

that the chapter lives within the budget.

Financial Record Keeping

Detailed records of all chapter revenue and expense should be maintained by the chapter treasurer. This includes a running total of each, broken down by program area, as well as documentation, receipts, and other information on each expense paid or payment received by the chapter.

In addition, financial accounts should be reconciled using monthly statements from the college or university and/or the financial institution hosting the accounts. These records should also be reconciled against the chapter's financial records.

General Operating Fund

The general fund is usually the recipient of most chapter revenue and is used to pay chapter operating expenses. The status will provide you with a good picture of the chapter's financial health. Records must be kept current. Staying up to date is relatively easy, but trying to catch up once the records have been neglected is very difficult. The following guidelines should be used:

1. All payments should be made by check if at all possible. Minor payments may be handled by petty cash (see below).
2. All revenues and expenses should be accounted for in writing. Use a receipt book when collecting or accepting funds and require an invoice or receipt before spending funds or making a reimbursement.
3. Only the appropriate officers should authorize or make purchases and you should be told prior to it being done.
4. All activities by chapter officers involving either the collection or disbursement of chapter funds should be reported to you in writing.

These rules will help you protect yourself and your chapter. The example general fund account sheet shows many common types of chapter transactions.

Petty Cash Fund

Sometimes it is desirable to have a small amount of cash available to pay for items for which it is impractical to write a check and to make change. In order to pay for these items and to keep track of the money spent and taken in, a petty cash fund and accompanying record can be established.

The petty cash fund is established by withdrawing a small, predetermined amount of money (such as \$10.00) from the chapter general account. The petty cash fund is used for small purchases and can be replenished through receipt of small amounts of revenue collected in cash, such as money collected from the sale of decals or other supply items. The petty cash fund should be accounted for in the same manner as the general fund. Always obtain a receipt for petty cash expenses and issue a receipt for significant amounts of money taken in.

A good way of keeping the petty cash fund at the proper level is to replenish the fund when its balance drops to a set percentage (such as half) of its normal level, and to deposit petty cash surpluses in the general account when the level of the petty cash fund exceeds half-again its normal balance.

This procedure will keep the fund from running out of money and will prevent large amounts of money from accumulating, reducing the risk of loss. The amount of money in the fund, plus the total of the receipts obtained, should always equal the normal balance of the fund, plus any sale proceeds placed in the fund.

Don't forget to record the purpose and operating budget account for petty cash transactions and allocate them to the correct program.

Special Savings Account

Some chapters have established additional accounts for a special specific purpose, such as convention or Chapter Program Workshop travel, emergency loan, major projects, or a chapter reserve. This can be done by establishing a separate checking or savings account, or within the chapter's general account. It is important to account for these separately and to ensure that money is spent as intended and not on general operating expenses.

In cases where there will be relatively little activity on this money a chapter may want to establish a savings account, if allowed by college or university policy. This allows the chapter to earn interest on the funds, rather, creating an additional source of revenue. If establishing this type of account be aware of time restrictions and withdrawal limits and additional fees, especially on long-term, high-interest accounts. Make sure to follow the policies and recommendations outlined above for chapter accounts for the account name and authorized signers.

Chapter Dues

You may collect chapter members and pledges to cover Fraternity membership fees outlined in a separate section, and to support chapter programming. Whether the the chapter needs to do this will b determined on the available of other sources of revenue.

As treasurer, you must:

1. Keep an accurate and complete record, including the amount, method and details of payment and purpose for each transaction, of all dues and other fees collected by the chapter and promptly deposit this money in the chapter's account;
2. Send membership fees to the National Office;
3. ensure that all members are aware of and understand their financial responsibilities to the chapter and to the National Fraternity;
4. Inform the chapter regularly of its financial status;
5. Advise the Executive Committee and chapter of any existing or potential financial problems.

Sample Chapter Financial Records

The following pages illustrate the type of records which a chapter treasurer might keep. The example records include:

1. Chapter budget
2. Chapter general fund
3. Chapter petty cash fund ledger
4. Record of active membership dues
5. Record of pledge and initiation fees
6. Report of the chapter treasurer.

The example records cover typical transactions for a period of one month. The hypothetical chapter has 20 Active Members and 10 Pledges. Since the example covers the fall term, the Fraternity's Annual Active Membership Dues (AAMD) have been collected and are due by November 15. The chapter includes AAMD as both a revenue and expense item in the fall semester budget. This budget does not reflect pledge/initiation fees. You could add these to revenue/expense based on the chapter's new members goal. Two pledges from the previous semester that missed the initiation ceremony have been initiated during the fall term. The chapter treasurer has furnished a report for the month covered by the example transactions to serve as an example for the type of report you should prepare for each meeting.

Some chapters have additional ledger sheets for each program's account, which are provided to the appropriate officer. The use of additional ledger sheets creates duplication, but the duplication helps avoid errors and provides better control. It also makes information about any budget account readily available. The chapter treasurer has used account abbreviations to keep track of the budget accounts, and had to add them up from both the general fund and petty cash accounts in order to prepare the report. Use of the additional sheets would create a system similar to the "double-entry" system of accounting used by most businesses.

CHAPTER BUDGET FALL SEMESTER, 20__

REVENUES	Account	Amount
Local Chapter Dues (20 members x \$10)	LD	\$200.00
National Dues & Insurance (20 members x \$32)	ND	\$640.00
Fund-raising Project	FR	\$100.00
Other Revenues	OT	\$25.00
TOTAL REVENUES		\$965.00
EXPENSES		
President	PR	\$25.00
Administration & Supplies		
Membership	ME	\$150.00
Pledge Program and Fellowship Party		
Service	SV	\$100.00
General Service Project Expenses		
Secretary	SE	\$15.00
Postage & Supplies		
Treasurer	TR	\$35.00
Purchase of supplies for resale and miscellaneous		
National Dues & Insurance (20 members x \$32)	ND	\$640.00
TOTAL EXPENSES		\$965.00

Prepared by _____, chapter treasurer
 Adopted by Chapter September 2, 20__

GENERAL FUND

<u>Date</u>	<u>Check #</u>	<u>Description</u>	<u>Account</u>	<u>Revenue</u>	<u>Expense</u>	<u>Balance</u>
1-Sep		Balance Brought Forward				85.0
2-Sep		Local Dues Received	LD	100.00		185.0
2-Sep		National Dues Received	ND	150.00		335.0
3-Sep	101	Sam Script-Reimburse for Hardy-Reed Printing Co.- Posters	SE		5.20	329.8
4-Sep	102	for Rush Program	ME		15.00	314.8
5-Sep		Local Dues Received	LD	90.00		404.8
5-Sep		National Dues Received	ND	135.00		539.8
6-Sep	103	Alpha Phi Omega - Purchase Armbands and Sale Items			15.00	524.8
15-Sep		National Initiation Fees - Received		50.00		574.8
15-Sep	104	Alpha Phi Omega - Sent in Initiation Fees			50.00	524.8
20-Sep		Local Dues Received	LD	10.00		534.8
20-Sep		National Dues Received	ND	15.00		549.8
21-Sep	105	APO-National Office-Paid AAMD	ND		300.00	249.8
22-Sep		National Pledge Fees Rec'd	ND	100.00		349.8
22-Sep	106	Alpha Phi Omega-Sent in Pledge Fees	ND		100.00	249.8
23-Sep		Deposit from Petty Cash	Mixed	9.50		259.3
24-Sep	107	Lorne Jarvis-Reimburse for Rush Party Supplies	ME		20.00	239.3
25-Sep	108	Dee Eskay-Reimburse for Paint & Supplies for Service Project	SV		27.00	212.3
26-Sep	109	B.A. Leader-Reimburse for Supplies	PR		4.00	208.3
26-Sep	110	Speedy Copy Service-Materials for Pledge Program	ME		13.00	195.3

PETTY CASH

<u>Date</u>	<u>Description</u>	<u>Account</u>	<u>Revenue</u>	<u>Expense</u>	<u>Balance</u>
1-Sep	Balance Brought Forward				\$10.00
15-Sep	Robert Rule Paid for Lost Pledge	OT	\$1.00		\$11.00
16-Sep	Lunch for Dr. Livingston	PR		\$2.50	\$8.50
22-Sep	Sold Armbands & Other Items	OT	\$11.00		\$19.50
23-Sep	Deposited in General Fund			\$10.50	\$9.00
24-Sep	Bought Stamps for President	PR		\$5.00	\$4.00

ACTIVE MEMBERSHIP DUES

<u>Date</u>	<u>Member</u>	<u>Check #/Cash</u>	<u>Local Dues</u>	<u>AAMD</u>
2-Sep	B.A. Leader	110	\$10.00	\$32.00
2-Sep	Dee Eskay	412	\$10.00	\$32.00
2-Sep	Lorne Jarvis	Cash	\$10.00	\$32.00
2-Sep	Sam Script	85	\$10.00	\$32.00
2-Sep	Ebenezer Scrooge	214	\$10.00	\$32.00
2-Sep	Ann Goldstein	Cash	\$10.00	\$32.00
2-Sep	Roy Richards	119	\$10.00	\$32.00
2-Sep	Kate Shelley	529	\$10.00	\$32.00
2-Sep	Norman Ekker	Cash	\$10.00	\$32.00
2-Sep	George Kaplan	1024	\$10.00	\$32.00
2-Sep	Deposited in General Account			\$420.00
5-Sep	Arthur Wright	228	\$10.00	\$32.00
5-Sep	Turner Wright	528	\$10.00	\$32.00
5-Sep	Dolly Nashville	Cash	\$10.00	\$32.00
5-Sep	Phoebe Snow	690	\$10.00	\$32.00
5-Sep	Nick O'Kluss	Cash	\$10.00	\$32.00
5-Sep	Roscoe Snyder	Cash	\$10.00	\$32.00
5-Sep	Alice Duval	105	\$10.00	\$32.00
5-Sep	Denver Axtell	Cash	\$10.00	\$32.00
5-Sep	Bonnie Ville	298	\$10.00	\$32.00
5-Sep	Deposited in General Account			\$378.00
20-Sep	Melvin Slowday	Cash	\$10.00	\$32.00
20-Sep	Deposited in General Account			\$42.00

NATIONAL PLEDGE AND INITIATION FEES

<u>Date</u>	<u>Member</u>	<u>Check #/Cash</u>	<u>Pledge Fee</u>	<u>Initiation Fee</u>	<u>To General Fund</u>
15-Sep	Robert Rule	120		\$35.00	
15-Sep	Germaine Debate	204		\$35.00	

15-Sep	Deposited to General Fund				\$70.00
22-Sep	Lee Summit	Cash		\$32.00	
22-Sep	Noni Tyler	Cash		\$32.00	
22-Sep	Gabe Freshman		1156	\$32.00	
22-Sep	Walt Howard		514	\$32.00	
22-Sep	Anarene Archer	Cash		\$32.00	
22-Sep	Sylvia Meteor		695	\$32.00	
22-Sep	D.B. Cooper	Cash		\$32.00	
22-Sep	Sherman Hill	Cash		\$32.00	
22-Sep	Cal Zephyr	Cash		\$32.00	
22-Sep	Delta Reddy		229	\$32.00	
22-Sep	Deposited to General Fund				\$320.00

REPORT OF THE TREASURER - SEPTEMBER, 20__

Balance as of SEPTEMBER 1, 20__

Petty Cash	\$ 10.00
General Fund	85.00
Convention Fund	<u>80.00</u>
Total Cash	\$175.00
Inventory of Supplies for Sale	<u>10.00</u>
Total Assets	185.00
Less: Liabilities	0.00
Net Worth	<u>\$185.00</u>

Revenues & Expenses - September, 20__

Revenues

Local Chapter Dues	\$200.00
National Dues	640.00
Initiation Fees	70.00
Pledge Fees	128.00
Other Revenue	<u>15.00</u>
Total Revenues	<u>\$1053.00</u>

Expenses

President	\$ 7.50
Membership Vice-President	48.00
Service Vice-President	27.00
Secretary	9.20
Treasurer	15.00
National Dues	640.00
Initiation Fees	70.00
Pledge Fees	<u>128.00</u>
Total Expenses	<u>\$944.70</u>
Net Income	<u>\$108.30</u>

Balance as of September 30. 20__

Petty Cash	\$ 4.00
General Fund	195.30
Convention Fund	80.00
Total Cash	\$279.30
Inventory of Supplies for Sale	<u>14.00</u>
Total Assets	\$293.30
Less: Liabilities	0.00
Net Worth	<u>\$293.30</u>

Respectfully submitted,

NATIONAL FRATERNAL RESPONSIBILITIES

Your chapter is a vital part of the national organization of Alpha Phi Omega. Recognizing this, the delegates gathered at the National Conventions establish the basic financial obligations of each chapter and decide the part that each chapter and Brother must play in supporting the National Fraternity. Without your active involvement as treasurer of your chapter, this support will falter and all of our chapters will become weaker as a result.

Although the Fraternity is engaged in a constant pursuit of other sources of revenue, the Fraternity's budget is based heavily on the prompt registration of each chapter's pledges and initiates and the timely payment of the Annual Active Membership Dues (AAMD). Following through on this responsibility will ensure that your chapter remains in good standing.

This is a vitally necessary "service to the other members of the Fraternity." By assuring prompt and complete payment of these fees and dues, you enable the National Fraternity to provide your chapter with the support services of the National Office, as well as with the various publications and other materials (including this handbook) sent to your chapter.

The fees currently in effect are:

Type of Fee	Amount	Date due at National Office
Pledge fee**	\$32.00	Within 10 busn days of pledge ceremony
Initiation fee*	\$35.00	Within 10 busn days of initiation ceremony
Annual Active ⁺ Membership Dues	\$32.00 per Brother but not less than \$75.00 per chapter	Annually by November 15
Honorary Membership	\$25.00	Paid by the honoring chapter prior to initiation

*Until these fees and the accompanying forms are received and recorded at the National Office, a person is not a member of Alpha Phi Omega.

⁺Includes \$7 insurance fee. Actual pledge fee is \$25 and AAMD are \$25.

NOTE:

Members may wish to purchase Life Membership in Alpha Phi Omega. You should have a supply of Life Membership applications. The fee, also set by the National Convention, is \$50.00 for Active Members and Alumni Members within 1 year of obtaining alumni status and \$100.00 for Advisory, Honorary or other Alumni Members.

STATE AND FEDERAL RESPONSIBILITIES

Federal Employer Identification Number

The Federal Employer Identification Number (EIN) is used on most Federal and State tax forms. Banks will also require an EIN to open a bank account.

New Chapters must contact the IRS to obtain an EIN for the Chapter. The Chapter chartering kit will contain the Form SS-4 necessary for the application process. Your chapter can download the Form SS-4, as well as Forms 990; 990A, mentioned below at www.irs.gov/forms_pubs/forms.html. The IRS will furnish the EIN by phone or mail. **It is of utmost importance that the Chapters contact the National Office with the EIN so that it can be maintained in the permanent records.**

Do not lose it. The IRS will not issue more than one to the same organization. If your chapter does not know their EIN, contact the National Office to obtain that number.

State Income Tax

Although the national Fraternity has a tax-exempt status, your chapter may be required to file the appropriate state income tax forms each year. No taxes will be due in most cases, but it may be necessary to file the forms annually or the chapter could be liable for penalties.

Utilizing the fraternities' tax-exempt status may make you eligible for savings on sales tax, etc. Check with your college and your state tax authorities to determine local requirements.

Federal Income Tax

Although Alpha Phi Omega has been granted tax exempt status by the Internal Revenue Service, the National Fraternity and its chapters must file the appropriate federal income tax forms each year. Usually no tax will be due, but the forms must be filed in order to avoid both possible penalties and the loss of the Fraternity's tax-exempt status.

Effective December 31, 2006, if your chapter has annual gross receipts of under \$25,000 and has not received forms in the mail with a computer label, the chapter will need to file Form 990-N, referred to by the IRS as an "electronic postcard". If the Chapter has annual gross receipts over \$25,000, the chapter is required to file Form 990, 990A, or 990EZ. If the chapter receives these forms in the mail from the IRS, with a computer label, and annual gross receipts are under \$25,000, the chapter is directed by the IRS to **send written notification to the IRS** that you are not required to file. In all cases, these numbers are based on gross revenues, not net income, based on the chapter's fiscal year, typically corresponding with a calendar year for filing purposes. Should the chapter decide

to change its fiscal year, it should notify the IRS.

In some cases, the school comptroller or student organization treasurer may assist you with the filing requirements, but do not assume that such is the case. Seek help from a chapter advisor or from the office of Student Affairs, if necessary.

CONCLUSION

Imagine your chapter without money. How could it function?

Your job is to assure that the chapter's current finances are handled properly and that, to the extent possible, chapter reserves are developed to protect the chapter in the future. Guidelines and policies should be in place to protect the chapter against problems in the future.

Keep in mind that, whatever the source and wherever the money is deposited, you, as treasurer, have the ultimate responsibility to manage and protect the chapter's assets.