



**MODULAR SEMINAR**  
on  
**CHAPTER FINANCE**

*A Staff Guide of the  
Leadership Development Committee*

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Articulation

the group to listen more intently, but too soft and you will lose them.  
Speak distinctly

d) Points to remember:

Know your material well.

Use questions to develop your material.

Don't get hung up on key words. Look for understanding, not a particular term.

Raise questions, especially concerning possible alternatives when the group seems to have reached a lull during discussion.

Be sure that you have enough copies of the Treasurers guide and the evaluation form for the expected number of participants.

If you have only 60 minutes to conduct this seminar, the final Section on fundraising may be omitted.

## **OBJECTIVES**

As a result of this seminar, each participant should:

1. Understand the financial obligations of the Chapter to:
  - a. The Chapter itself;
  - b. Its educational institution;
  - c. The National Fraternity; and
  - d. Local, State and Federal governments
2. Have a general understanding of sound financial management principles including Chapter budgeting and accounting controls.
3. Be able to plan appropriate fundraising activities
4. Be equipped to evaluate the financial condition and procedures of her/his Chapter.

## INTRODUCTION

### Equipment and Materials:

- Blackboard/flip chart
- 1 “Treasurer’s Guide” for each participant
- Note Paper and pens for each Participant.

Time: 15 minutes

The Seminar Facilitator should introduce him/herself and any other staff members. Distribute the pens/note paper.

We are here to discuss what the financial obligations of every Chapter are and to explore ways of managing and funding the Chapter.

Let’s start by finding out how many of you are or have been Chapter Treasurers?

How many of you hold or have held other Chapter Offices?

Some of you, at least, have a good idea of how your Chapter handles its finances. Who is responsible for proper Chapter finances?

Probable answers:

- The Treasurer
- The President
- The Executive Committee
- The Officers
- The Advisors
- All the Brothers

(Allow “or some brief discussion if it develops)

Do we generally agree that while the Treasurer, under the general supervision of the President has primary responsibility for sound Chapter financing, all the officers and brothers share that responsibility?

The objectives of this seminar are four-fold:

First, to develop a better understanding of the financial responsibilities of the Chapter to itself, its educational institution, the National Fraternity, and the Government at all levels.

Next, we need to have a general appreciation of sound financial management principles including Chapter budgeting and accounting controls.

Third, to be able to plan appropriate fundraising activities and,

Finally, to be able to evaluate your Chapter's financial condition and procedures.

In Alpha Phi Omega, the place to start our examination of the Chapter's obligations is the National By-Laws, Standard Chapter Articles of Association. These establish fees and some general procedures.

Distribute one to each of the participants.

Another resource is the Chapter Treasurer's Guide.

How many of you have seen this guide?

How many of your Chapters use it?

Let's take a look at it. The guide is divided into three parts:

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

We will examine each of these areas.

## INTERNAL CHAPTER FINANCES

Time: 15 minutes

How many of your Chapters have a budget?

What is a budget?

A budget is—

-An estimate of expected income and necessary expenses which reflect your obligations and planned activities for a specified time in the future, usually the academic year.

-A budget is usually itemized in sufficient detail to cover major categories of income and expense.

Allow for one or two contents.

How many budgets should a Chapter have?

While most Chapters have one budget, which includes all activity, a subsidiary budget may be developed for specific projects or activities. This is a particularly good idea for projects involving substantial costs or income from outside sources contributed for the express purpose of the project.

Allow for quick response from group.

Some Chapters have maintained separate budgets for administrative, social and service activities. While this is not essential, it is important that the Chapter's budget distinguish among these activities and the Chapter should not commingle funds designated for different purposes.

What are the steps in developing a budget?

The process begins with your annual plan of activities and an estimate of the costs and income need to finance them.

This annual plan should be decided upon by the Chapter during its annual Chapter I Program Planning Conference.

What should be in the budget?

Allow for brief answers from group. Write responses on board.

Look for:

- expenses of service programs
- fellowship activities
- Chapter operation (supplies, postage, telephone)
- membership fees due the Fraternity
- conference and convention fund
- miscellaneous expenses

In developing this annual plan, it is important to identify all knot obligations and to provide for them in the budget.

These obligations should be only for those activities approved by the Chapter. And the resources to be used in meeting them should be clearly identified in the budget as well.

Once the budget is developed, some one must control the Chapter's accounts. On some campuses, the school administration controls all or part of the Chapter's operating funds. On other campuses, organizations are allowed to retain and manage their own funds.

Whatever your situation, strict safeguards and accountability are required.

The safest depository is a bank. The Chapter Treasurer's Guide (page 3) gives some hints:

\*Pay by check if possible. In establishing your checking account with a bank, it is best to require two signatures on each check. You can assure access to the funds by requiring that each check be signed by the Treasurer or President and one other designated officer. This protects your funds

while avoiding a problem if there are only two persons designated and one is away from the campus when you need a check.

The Chapter must establish procedures for making purchases in accordance with the budget. This means that only designated Officers or Chairs should be able to make purchases and then, only with the advance approval of the treasurer, to be sure that there are available funds in the budget.

Of course, an essential part of control over the Chapter's financial situation is keeping good records. These accounts should be audited at least annually by an official approved by the school and a confirmation of the audit must be sent to the Fraternity's National Office. This is required of every Chapter by our by-laws (Article VIII, Section 10) for Chapters to remain in good standing. You might ask one of your faculty advisors to conduct this audit or seek assistance from the bursar or dean of your school.

An audit should also be conducted when treasurers change, with both going over the records and agreeing, in writing, on the exact financial situation of the Chapter.

## NATIONAL FRATERNAL RESPONSIBILITIES

Time: 10 minutes

What are a Chapter's national fraternal financial responsibilities?

Allow for quick answers from the participants.

All of the financial obligations of a Chapter are established in our National By-Laws by the convention.

Pledge fee is established by NBL Article VIII, Section 5, (if anyone asks).

These obligations include a number of fees to be paid by each member at various times.

Initiation fee is established by NBL Article VIII, Section 6

The first of these is the pledge fee. This is a one-time, non-refundable, \$20 payment which must be sent to the National Office within ten days of the pledge ritual.

NBL Article VIII, Section 7

There is an initiation fee of \$35 which is paid to the National Office within ten days of the initiation ritual.

Each year, there is an Annual Active Membership Dues of \$15 per active member. This is due in the National Office (with your membership roster) no later than November 15.

There are other fees, which a Chapter might have to pay, for example, if you wanted to initiate an Honorary member, there is a \$25 fee.

Those Brothers who desire to enroll as a "Life Member" of the Fraternity can do for a fee \$50 while an undergraduate and \$100 for Alumni, Advisory, Honorary and Graduate members.

If you belong to petitioning group, the group will have to pay a \$45 fee for chartering.

Now that we have reviewed what the Chapter's financial obligations to the Fraternity are, let's consider why a Chapter should honor this commitment.

Any suggestions?

List on board.

To summarize, your Brothers joined the Chapter as part of the National Service Fraternity. They expect and deserve that recognition and they are not members of Alpha Phi Omega until these fees and the accompanying forms are received at the National Office.

The payment of these fees permits your Chapter to be a continuing part of our national effort to "develop Leadership, to promote Friendship and provide Service to humanity."

The National Fraternity's budget relies heavily on the prompt payment of the fees. It is from this source that Alpha Phi Omega can provide your Chapter with its pledge manuals, rush materials, Chapter bulletin and Torch & Trefoil, the leadership series and other publications. Without these fees we would not be able to maintain our National Office.

So, your payment of these financial obligations is a vitally necessary "service to other members of the Fraternity".

## GOVERNMENTAL RESPONSIBILITIES

10 minutes

Much as you might like to, we can't forget the government, local, state and federal.

What are the Chapter's responsibilities here?

On the Federal level, Alpha Phi Omega is tax exempt under the U.S. Internal Revenue Code. It has been declared a 501 (c) (3) organization which means that not only do we have to pay Federal income tax but contributions to the National Fraternity are deductible by the contributor on his or her Federal tax return.

This does not mean, however, that you can simply ignore the IRS. Both the National Fraternity and every Chapter must file appropriate Federal tax forms. This means that your Chapter should obtain an Employer Identification Number from the IRS. This number will have to be used on every form you file. The procedure for this is explained in the Chapter Treasurers Guide.

You must also file a form 990, which explains what your income was and how it was spent. This is also reviewed in the treasurer's guide.

After meeting the federal obligations, you still have more to do. You must determine if your Chapter is required to file any local or state income tax reports. Many states require an annual report from all non-profit groups, for example.

In addition, your Chapter may be exempt from paying state sales tax. Usually, you must file an application to be recognized as tax-exempt. Your school's financial office should be able to tell you about this.

Organizations, which are tax-exempt, are assigned a number and must present that number or certificate of exemption when they make a purchase. Considerable savings may result from obtaining a tax exemption.

Finally, some Chapters have found it to be in their best interest to incorporate. While this will have to be done locally (and will probably require the assistance of an attorney) the first step is to contact the Fraternity's National Office and request a copy of the guidelines and procedures for Chapter incorporation.

## FUNDRAISING

Time: 25 minutes

What are the sources of Chapter income?

Allow for responses and list on board.

- dues
- contributions
- student government
- university support
- fundraising

will be among the common answers.

There are three general categories of income sources:

You can tax your members, that is, impose Chapter dues sufficient to cover both national membership fees and part or all of the Chapters' other expenses.

Secondly, you may receive contributions and gifts from the school, student government, alumni, private organizations or individuals. These are often designated for specific purposes.

Finally, you can plan and carry out fundraising projects.

It is this last source that we are going to consider at this point.

When might a Chapter undertake a fundraising activity?

Discuss with the group briefly.

What should a Chapter consider in determining the kind of fundraising project?

List factors on board.

Some of the key factors to consider include whether the project (including the way it is conducted) is appropriate to the purpose for which funds are being raised, school regulations,

local ordinances and the good reputation of Alpha Phi Omega.

Another consideration is will the donors or customers receive a service or product commensurate with their payment?

And, will the project compete with commercial enterprises?

What are some examples of appropriate fundraising activities for a Chapter?

List examples given by the group on the board.  
Allow time for as many suggestions as possible.

Depending on the number of participants, divide the group into several sub-groups. Each sub-group should have at least five members and no more than ten.

A good method to use in dividing the group is to have them count off by whatever number of groups you need. This will usually separate people from the same Chapter, which will greatly aid in group dynamics and discussion.

Assign each group one of the projects listed on the board and place each group in a different part of the room.

Divide the group. Assign a project to each.

In a few minutes, I am going to divide the group into several sub-groups. Each sub-group will be asked to plan a fund raising project, considering all aspects of how it should be conducted to achieve its fund raising objective. Each group will be asked to make a report so be sure that someone is prepared to do that.

Each of you has a project for your group to plan. You have ten minutes to do this. Go!

Give a five-minute and a two-minute warning.

It's time to hear each of the group reports. Let's start with group #\_\_\_

Ask each group to report briefly

-one or two minutes

-on its project plan.

Then ask other participants for comments.

If the following points are not made, ask:

- \* Was the project appropriate?
- \* Was there adequate manpower?
- \* Was there adequate publicity?
- \* Were needed approvals or permits obtained?
- \* Was a budget developed and provision made for proper accounting?
- \* Was sufficient "seed money" available?
- \* Were any essential elements omitted from the plan?
- \* Do you think the project would have been successful?
- \* Do you think it would work on your campus?

Ask for any other comments on the project plans.

Ask the participants to return to the front as one group.

## CONCLUSION

Time: Ten minutes

Are there any questions or comments on anything we have discussed in this seminar?

If yes, respond to them. If no, ask if everyone would be comfortable in accepting the responsibility of Chapter Treasurer now. If not, why not?

This should generate some discussion if the concepts covered and allow for a summary of the key points.

At the end of this discussion, distribute the evaluation form to each participant ask that it be completed and returned to you. When the forms are completed, conclude the seminar.

These evaluation forms will be sent to the National Leadership Development Committee for its use in reviewing and improving this seminar.

In concluding this session, we should recall that a Chapter has many resources — foremost its Brothers and their commitment to the principles of Alpha Phi Omega; the support of the school, advisors, the faculty and administration, the volunteer leaders within Alpha Phi Omega; and the good will of the public and the reputation of the Chapter. But it also needs sound financing.

To rephrase a famous saying:

“If you haven’t got the bucks, you may have to stop there”

Thank you for your participation.

## EVALUATION OF THE SEMINAR

1. Which session(s) were the most helpful to you and your Chapter?
  
  
  
  
  
  
  
  
  
  
2. Which session(s) were the least helpful to you and your Chapter?
  
  
  
  
  
  
  
  
  
  
3. Please rate each of the sessions on both content and presentation, using a five for the highest rating and a zero for the lowest rating.

	<u>CONTENT</u>						<u>PRESENTATION</u>					
Internal Chapter Finances	5	4	3	2	1	0	5	4	3	2	1	0
National Fraternal Responsibilities	5	4	3	2	1	0	5	4	3	2	1	0
Governmental Responsibilities	5	4	3	2	1	0	5	4	3	2	1	0
Fund Raising	5	4	3	2	1	0	5	4	3	2	1	0

4. Please give us any other comments on the seminar which you might wish to share with us. Other subjects which need to be included? Improvements for the contents or presentation of the sessions above?

Other Comments:

DATE: \_\_\_\_\_ PLACE: \_\_\_\_\_

SEMINAR

LEADER(S): \_\_\_\_\_

\_\_\_\_\_

YOUR POSITION IN

CHAPTER: \_\_\_\_\_