

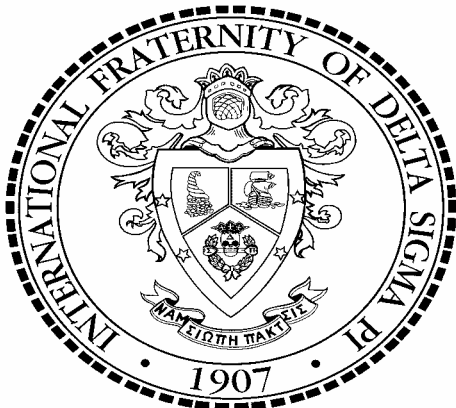
Congratulations
on your election as
VICE PRESIDENT - FINANCE

This is your
**PACKET FOR
NEW OFFICERS**

What's inside?

Everything you need to know for your position. We want to assist you towards *full understanding and completion* of your position responsibilities:

- *Duties of the Vice President-Finance (VPF)*
- *Revenue Sources*
- *Chapter Expenses*
- *National Financial Policies*
- *Relevant CEI Issues: Budgets and Monthly Statements*
- *Helpful Links*
- *A Budget Strategic Plan Example*
- *Monthly Income Statement Example*
- *Balance Sheet Example*
- *Sample of a Central Office Invoice*
- *How to Read a Statement*



Any questions?

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Duties of the Vice President-Finance (VPF)

(from Policy and Procedures Manual section B, policy 12)

- To oversee the receipt and expenditure, upon duly authorized orders, of all monies of the chapter.
- To oversee the preparation of an annual chapter budget; monitor revenue and expenses in relation to the budget; and promptly report any variances to the chapter.
- To oversee the keeping of an accurate account of the receipts and expenditures of the chapter in a standardized accounting system which must be open at all reasonable times for inspection and examination.
- To ensure such reports as may be required by the Central Office are forwarded without unreasonable delay.
- To ensure the Central Office is notified if a member of the collegiate chapter is or is not in good standing upon graduation or withdrawal from the chapter in accordance with such procedures as may be prescribed by the Executive Director.
- To ensure that badges are ordered and paid for 21 days before each initiation.
- To ensure that all financial obligations affiliated with initiations are submitted to the Central Office within seven days following each initiation.
- To ensure that member dues are paid to the Central Office within 30 days of the first day of classes in each academic term.
- To ensure all chapter checks are signed by two different people, one of which is the chapter president and the other being a different nationally recognized chapter officer, who is not the vice president-finance.
- To ensure that payment to the Central Office for invoices covering chapter liability insurance, regalia use and the Grand Chapter Congress travel fund are promptly submitted.
- To ensure an independent accounting review of the chapter's finances for the prior fiscal year is completed annually by July 15. The reviewer may be a CPA, a member of the school's accounting faculty, or similar professional.

Revenue Sources

Revenue will come into the chapter through a variety of sources. Document and record all income promptly and provide receipts as necessary. Sources of income include:

- Membership dues
- Pledge initiation fees (as prescribed in the Standard Pledge Education Program)
- Profitable fundraising events
- Corporate sponsorship
- University allocations or stipends from the student activity fee
- Alumni and faculty contributions; other donations

The chapter may not charge membership dues to pledges, faculty, or alumni nor accept revenue from sales of any product or service that violates a state law, federal law, university policy, or the Delta Sigma Pi Risk Management Policy.

Chapter Expenses

Expenses incurred by the chapter include many that are similar to what any business would incur. The chapter also pays national dues and initiation fees for each member.

- National dues per member are \$75.00 annually and the chapter is billed \$37.50 each fall and spring term. Quarter schools are not invoiced in the winter term. Late fees are applicable if the fees are not paid within 30 days of the start of classes. Dues are not charged during summer months or short-terms.
- National initiation fees are \$70.00 per student; \$30.00 per faculty; and \$30.00 per honorary payable immediately after initiation. Late fees are applicable if not paid with 21 days following the initiation.
- A badge lease for each member is required prior to initiation and is \$50.00 per student, faculty, or honorary member.
- Each chapter is required to have adequate insurance coverage for liability, fire, theft, etc. The Fraternity secures the appropriate coverage and bills each chapter accordingly. The invoice is usually sent to chapters in February of each year and the premium varies with the size of the chapter and the state where the chapter is located.
- A regalia reservation is required for each initiation conducted by the chapter. A regalia charge of \$50.00 will be billed twice per year, usually in September and January. The regalia may be reserved as many times as necessary without additional charges.
- The Central Office will maintain a Grand Chapter Congress fund (savings) for each chapter in the amount of \$200.00 per year. This amount will be billed to the chapter in two installments during the year. Since Congress is held only once in two years, each chapter will receive \$400.00 for attendance at the Congress. Amounts not used on Congress attendance will be forfeited and deposited into the general fund of the fraternity. Any interest that accrues on the fund is applied to the general Congress budget.
- Other chapter expenses are those related to officers, committees, activities and overall operations. Here is a list of common chapter expenses:

- Recruiting materials
- Speaker certificates; chapter awards; gifts
- Chapter newsletter
- Charitable donations
- Advertising
- Postage
- Stationery; envelopes
- Camera; film; developing; scrapbook
- Replace lost pledge pins
- Award/composite framing
- Savings; scholarship fund
- Accountant fees; ledger system

- Anniversary banquet
- Meeting room fees
- Printing; photocopying
- Refreshments (recruiting, faculty reception)
- Disks; file maintenance
- Storage/mailbox fees
- Bank service charges; checks
- Faculty/honorary fees and badges
- Advance costs with fundraising
- Taxes
- Additional Fraternity publications; pledge manuals

National Financial Policies

All chapter checks must be signed by the President and countersigned by another officer (Not the VP Finance) of the chapter.

All orders for supplies or jewelry from the Central Office must be prepaid by check, money order, or credit card (MasterCard, VISA, Discover). All orders are assessed a shipping, handling, and insurance charge. Ohio chapters must pay sales tax. Any check returned for insufficient funds is

assessed a \$15.00 charge. The chapter must pay for requested overnight or other express delivery on supplies or jewelry.

Membership dues are to be paid within the first 30 calendar days of each school term (including weekend and holidays). This date is stated on the dues roster invoice sent to each chapter. (An A/R invoice will be prepared upon receipt of the completed roster or once the dues deadline has passed.) Late payments will be assessed a higher dues rate and are not eligible for CEI recognition.

Pledge initiation fees must be paid within 21 days after initiation (including weekend and holidays). Payments after 21 days will be charged a substantial late fee per person. **NOTE:** Initiation fees must be postmarked within seven days after initiation to be awarded full CEI points.

Dues and fees are the same price for part or full-time students and graduate or undergraduate students. Dues are not assessed to faculty and honorary or members who have graduated or left school. If a student is on university suspension or probation, they are required to pay dues unless the terms of the discipline do not allow participation in student organizations. Members on probation will be counted for dues. On a case-by-case basis the Director of Chapter and Expansion Services will determine whether or not these members are counted in attendance numbers for CEI.

Any student on “non-local” co-op for whole or part of a term shall not pay dues. It does not matter whether or not school credit is earned. A co-op is defined as any work, internship or exchange program. “Non-local” is defined as living somewhere other than where the student would live if taking regular classes or not taking any on-campus hours.

Any chapter member whose status is pending because of preferred charges and a trial must pay dues unless expelled and the complete paperwork has been submitted to the Central Office prior to the due date for dues. There are no refunds or credits on dues for members expelled after the due date for dues.

The fiscal year of the Fraternity is July 1 - June 30. Each chapter must follow the same fiscal year and should have zero accounts payable to the Fraternity at June 30 each year.

Merchandise orders purchased through outside vendors are not processed by or at the Central Office. You should obtain your merchandise directly from the supplier.

Relevant CEI Issues: Budgets and Monthly Statements

The Budget

Budgets need to be established for the chapter twice each year. Each budget will be for a six-month time period. Individual budgets should be obtained from each officer or committee and compiled into one chapter budget.

An example of a chapter budget is included in this packet. Each chapter may develop the budget on their choice of computer programs or standard ledger sheets. The chapter may also choose to add a weekly cash flow chart to their statements.

The budget, similar to the provided example, must be submitted to the Central Office by December 31 (for the period January 1 - June 30) and by June 30 (for the period July 1 - December 30) to receive recognition in the Chapter Efficiency Index (CEI).

The Vice President for Chapter Operations will be able to further go over relevant CEI issues with you regarding payments, budgets, statements and year-end reviews. All financial matters and CEI processing is conducted July 1 - June 30 in accordance with the fiscal year of the Fraternity.

Federal and State Tax Information

Although your chapter and the International Fraternity are organized on a not-for-profit basis, the Internal Revenue Service (IRS) and various states may require the filing of income and/or informational tax returns. It is the responsibility of each chapter to meet all tax requirements as required by the applicable laws.

For Federal Income Tax purposes, any returns and/or reports to be filed with the IRS must be postmarked no later than November 15 of each year.

If the annual gross receipts of the chapter are more than \$25,000.00, there is a filing obligation. If gross receipts are less than \$100,000.00 and total assets are less than \$250,000.00, the Form 990EZ may be used. Form 990 may be used if this dual test is passed and Form 990 must be used if gross receipts or assets are above these limits.

If your chapter has significant fundraising or other “unrelated business income” (income other than dues or initiation fees), you might consider utilizing the services of a Certified Public Accountant to provide consultation on your chapter’s tax situation.

If a chapter has Unrelated Business Income in excess of \$1,000.00, it may be necessary for Form 990-T to be filed. All chapters should obtain tax assistance from a CPA or other qualified tax accountant especially in cases where gross receipts exceed \$25,000.00 or UBI exceeds \$1,000.00. Do not fail to meet appropriate Federal and/or State tax requirements. Currently the IRS penalty for **just filing late** is \$10.00 for each day past the deadline. Filing three weeks late makes your chapter liable for a \$150.00 penalty even if you owe no taxes! Note that the International Fraternity assumes no responsibility for any taxes or penalties due any governmental agency by your chapter. *If your chapter received a tax package in the mail, the chapter is required to file a tax return.*

Each chapter must have its own Employer Identification Number (EIN). You are not permitted to use the EIN of the International Fraternity. To obtain your EIN, first contact the Central Office. If it is not on file there, contact your local IRS office for a Form SS-4. You may also find forms on the IRS website www.irs.gov.

If your chapter must file Form 990 with the IRS, you will need the Group Exemption Number (GEN) for our exemption group. Our GEN is 0414. We currently hold a group exemption from the IRS under Section 501(c)(7).

In regard to state and local sales taxes, the exemption provided by IRS to the Fraternity and its chapters is totally unrelated to Federal taxes. In many states, a non-profit organization like the Fraternity is exempt from sales taxes only on items purchased for resale purposes; items used in the operation of the organization are subject to sales taxes. Consult with your state and local officials for their specific requirements.

As a business reporting to the IRS, your chapter is responsible for maintaining adequate and accurate records. If you were to be audited, your accounting system, cash receipts records, checking and savings account records, investment records, and minute book would all be subject to review. You should maintain records for at least the past seven years.

Helpful Links

- Jewelry & Merchandise- <http://www.dspnet.org/site/marketplace.asp>
- Insurance Summary- <http://www.dspnet.org/site/pdf/manuals/ChapterInsurance.pdf>
- Financial Management Manual-
<http://www.dspnet.org/site/pdf/manuals/FinancialManagement.pdf>
- Fundraising Manual- <http://www.dspnet.org/site/pdf/manuals/Fundraising.pdf>
- CEI Forms- http://www.dspnet.org/site/chapter_resource/membership.asp

A Budget Strategic Plan Example

Kappa Iota Chapter

University of Business & Commerce

For the period July 1 - December 31, xxxx

(school term August 29 - December 12)

ESTIMATED INCOME

Member Dues for National and Chapter (41 x \$50)	\$2,050.00
Fees from New Initiates (\$70 national + \$15 chapter x 16)	1,360.00
Jewelry Income (16 badges x \$50)	800.00
Net Fundraising Profit - Carpet Sales	1,900.00
Net Fundraising Profit - Car Wash	70.00
Net Fundraising Profit - Football Concessions	450.00
Alumni Donations	100.00
Allocation from University Activity Fees	250.00
Admission to Founders' Day Banquet (80 @ \$15)	1,200.00
Interest and Miscellaneous	<u>15.00</u>
<i>Total Estimated Income</i>	\$8,195.00

ESTIMATED EXPENSES

National Dues (41 x \$37.50)	\$1,537.50
Initiation Fees (16 x \$70)	1,120.00
Jewelry (16 badges x \$50)	800.00
Recruiting	80.00
Historian	80.00
Newsletter	42.00
Stationery/Printing	50.00
Postage	75.00
Regalia	50.00
Grand Chapter Congress Savings Fund	75.00
Scholarship Award	500.00
Founders' Day Banquet	<u>1,000.00</u>
<i>Total Estimated Expenses</i>	<u>\$5,273.50</u>

ESTIMATED GAIN FOR TERM	\$2,921.50
LESS: 5% of estimated gain to Savings	(146.07)
5% to DSP Leadership Foundation	<u>(146.07) (292.14)</u>
ESTIMATED NET INCOME	<u>\$2,629.36</u>

	Checking	Savings
Estimated Beginning Balance 8/29	\$1,326.00	\$819.00
Estimated Additions/Subtractions	<u>2,629.36</u>	<u>146.07</u>
Estimated Ending Balance 12/12	\$3,955.36	\$965.07

Monthly Income Statement Example

Upsilon Xi Chapter

Oxford State University

Income Statement

For the Month Ending January 31, xxxx

INCOME		
Member Dues (national and chapter)	\$1,750.00	
Deposits on Initiation Fees		200.00
Corporate Sponsorship		500.00
Alumni Donations		25.00
Profit from Bookstore Contract Sales		1,030.00
Interest Income		2.40
<i>Total Income</i>		<u>\$3,507.40</u>
EXPENSES		
National Dues	\$1,085.00	
Regalia	50.00	
Congress Fund	75.00	
Camera Film and Developing	18.20	
Postage	6.85	
Recruiting	62.00	
Publicity	48.00	
Faculty Reception	66.00	
<i>Total Expenses</i>	<u>\$1,411.05</u>	
NET INCOME		<u>\$2,096.35</u>

Balance Sheet Example

Upsilon Xi Chapter

Oxford State University

Balance Sheet

For the Month Ending January 31, xxxx

ASSETS		
Cash/Checking		2,556.51
Savings		759.80
Accounts Receivable	3,000.00	
Less Allowance for Doubtful Accounts	(150.00)	2,850.00
<i>Total Assets</i>		<u>6,166.31</u>
LIABILITIES AND CHAPTER EQUITY		
Liabilities		
Accounts Payable		-0-
Chapter Equity		
Chapter Equity 1/1/xx	4,069.96	
Profit/Loss from Period	2,096.35	
Chapter Equity 1/31/xx		<u>6,166.31</u>
<i>Total Liability and Chapter Equity</i>		<u>6,166.31</u>

Notes to Financial Statements

- 5% of Net Income is deposited to Savings each month.
- Accounts Receivable includes \$1,600.00 for Membership Dues and \$1,400.00 for Initiation Fees.
- The Profit amount shown on the Balance Sheet is net of the 5% (\$104.82) deposited to Savings.

Sample of a Central Office Invoice

INVOICE

Customer No: 888
 Invoice No.: 12048-001

INTERNATIONAL FRATERNITY OF
DELTA SIGMA PI
 THE CENTRAL OFFICE
 330 SOUTH CAMPUS AVENUE - P.O. BOX 230
 OXFORD, OH 45056-0230
 PH. (513) 523-1907 - FAX (513) 523-7292
 EMAIL: ACCOUNTING@DSPNET.ORG

Bill To DELTA DELTA CHAPTER
 DELTASIG UNIVERSITY
 ANYTOWN,,
 USA

Ship To DELTA DELTA CHAPTER
 DELTASIG UNIVERSITY
 ANYTOWN,,
 USA

Order Date		Ship Via		Terms		
05/21/2002		UPS		DUE UPON RECEIPT		
Qty.	Charge Cd	Description	Unit Price	U/M	Extended Price	
5.00	1123	Pledge Manual	5.000000	EACH	25.00	
5.00	1120	How High Can You Fly Poster	.600000	EACH	3.00	
1.00	1133	Launch Your Future Poster	.600000	EACH	.60	
5.00	1134	New graduate Poster	.600000	EACH	3.00	
2.00	1141	Laser Adhesive Nametags	10.000000	EACH	20.00	
1.00	9000	Shipping and Handling	6.000000	EACH	6.00	
<p>PAID</p> <p>MAY 21 2002</p> <p>THE CENTRAL OFFICE OF DELTA SIGMA PI</p>						

Comments:

TOTAL	57.60
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The invoice lists all charges and dollar amounts for each item. Keep a copies of all invoices paid to compare to monthly statements.

How to Read a Statement

- A. "A" on the sample statement indicates it is a "Statement" of activity for your chapter. The statement will include all invoice and payment activity as well as any credit memos that may have been issued. The Statement appears in the same format as an invoice therefore, you will need to check the top of the page to see if you are looking at an invoice or a statement.
- B. The box labeled "B" on the sample statement gives the month ending date for the statement, and includes all activity for this month and any open (or outstanding) transactions.
- C. Section "C" indicates aging totals. The current balance is all transactions that occurred during the last 30 days. The next column is the amount of the balance due that is 30-59 days, followed by the amount of the balance that is 60-89 days and the next column is the amount of the balance that is over 90 days past due. The total due is also listed. All payments must be received by the last business day of the month. Business days are Monday – Friday. Otherwise, the chapter may incur a finance charge. **Any balance 60 days old and over will be assessed interest charges at a rate of 12% per year or 1% per month.**
- D. "D" indicates the date of the activity.
- E. "E" lists a charge code that indicates if the item is an invoice, payment, or credit memo.
- F. "F" is a description of the activity. This description only indicates if the activity was an invoice, payment, or credit memo. The Invoice # will be listed under this description box as well as any payments the chapter has made toward the invoice. The payment will be the same number as the invoice. For example Invoice #12048-001 is for \$57.60. Payments will be listed directly under the invoice if full payment was received. Payments received at later dates will be recorded in date sequential order.
- G. "G" lists the details of the invoice listed under column "F" For example, on the sample statement, "F" lists Invoice #12042-001 If you look under column "F" Invoice #12042-001 is for Badges.
- H. "H" is the Amount Column and lists the total of the invoice, payment, or credit memo.
- I. "I" is the total balance due for the chapter to bring the balance to zero.

Other Payment Reminders

The statement does not list the remaining balance due for each invoice. The chapter will need to apply any payments to the invoices to determine the balance due for each invoice. For example Invoice #12051-001 is for initiation fees and totals \$450.00. The only payment listed as Payment #12051-001 on the statement is in the amount of \$325.00 Therefore, the remaining balance due on the initiation fees invoice would be \$125.00. The chapter could then compare the invoice to the statement and verify the \$125.00 remaining is for late fees.

All paid invoices are returned to the chapter at month end to compare to the statement. This excludes registration invoices, as these are mailed directly to the individual registering for the event. In the event a balance due is owed on an invoice, these invoices are mailed directly to the VP-Finance at the time the invoice is created.

The insurance invoice is mailed to the President of the chapter. Therefore, this invoice will not be

received with the statement at month end.

The chapter is not invoiced for initiation fees until an Initiation Report has been received. Payment for the initiation fees is due immediately following the initiation. Initiation fees not paid within 21 days will incur a late initiation fee of \$25.00 per member.

Dues must be postmarked within 30 days from the start of classes. The chapter receives two copies of the dues roster. One roster is to be corrected and returned to the Central Office with your dues payment. The other copy is for the chapter's records. Any payments postmarked after the 30 day deadline (listed on the front page of the dues roster) will be assessed a \$2.50 per member late fee.

Payments and Credit Memos are listed under the Amount Column "H" as a negative amount. For example, the \$57.60 payment for invoice #12048-001 is listed as -57.60 on the statement.

STATEMENT

Customer No: 888
 Page No: 1
 Date: 05/31/2002

INTERNATIONAL FRATERNITY OF

DELTA SIGMA PI

THE CENTRAL OFFICE
 330 SOUTH CAMPUS AVENUE-P.O. BOX 230
 OXFORD, OH 45056-0230
 PH. (513) 523-1907 - FAX (513) 523-7292
 EMAIL: ACCOUNTING@DSPNET.ORG

Bill To: DELTA DELTA CHAPTER
 DELTASIG UNIVERSITY
 ANYTOWN,

Current	3-59 Days	60-89 Days	Over 90 Days	Total
560.00	.00	.00	.00	560.00
Date	Charge Cd	Description	Invoice Description	Amount
05/21/02	9994	Invoice #12048-001	Posters, Manuals	57.60
05/21/02	9995	Payment #12048-001		-57.60
05/21/02	9994	Invoice #12049-001	Badges	2,506.00
05/21/02	9995	Payment #12049-001		-2,506.00
05/21/02	9994	Invoice #12050-001	LEAD	30.00
05/21/02	9995	Payment #12050-001		-30.00
05/21/02	9994	Invoice #12051-001	Initiation Fees	450.00
05/21/02	9995	Payment #12051-001		-325.00
05/21/02	9994	Invoice #12052-001	Dues	870.00
05/21/02	9995	Payment #12052-001		-
05/21/02	9994	Invoice #12053-001	Insurance	750.00
05/21/02	9994	Invoice #12054-001	Regalia & GCC	165.00
				150.00

Comments:

TOTAL	560.00
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I