

TREASURER

The Treasurer's guide to success in chapter leadership.
Delta Tau Delta Fraternity

TREASURER

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TREASURER

INTRODUCTION

As you may already know, you have been elected the most significant office in the chapter. You may have assumed that the President's office was most important, but how wrong you are. Although the President is responsible for maintaining control and organization, the Treasurer must manage the financial affairs of the chapter. The success of the chapter depends on your ability to manage its funds. Intimidating, isn't it? If you have had the chance to be an Assistant Treasurer, you have gained some experience in handling budgets and accounts receivable, and in writing reports. If not, you should seek advice from your advisor or house corporation.

First and foremost, you must realize the importance of always reviewing the current financial condition of the chapter. If your chapter is in the red zone, then you need to determine why. Many times a deficiency of funds may be due to several different problems: perhaps unpaid balances, overspending of committee funds, or a decrease in membership all had something to do with the deficiency. Once you've determined the nature of the problem, you and your Assistants will be able to revise the budget to bring your accounts back into balance.

A Side Note

You must be particularly mindful of members' delinquent bills. It is the responsibility of all Delts to meet their financial obligations, and you must insure that each member meets this responsibility. The more you stay on top of this issue, the more time you will have to dedicate to more productive tasks.

Setting Up Your Office

Because being Treasurer is such a complicated position to fill, this entire chapter has been dedicated to helping you set up your office. First of all, you must get yourself in the right frame of mind. You are a business *manager*, not a clerk, and you should handle your chapter's operations as a business. Your duties include *managing* the funds, not just recording them. There is a big difference between the two. Therefore, to insure that you understand the difference, this chapter will instruct you on how to establish effective management procedures.

Your Finance Committee

The finance committee serves as your council of advisors. The finance committee consists of the chairman (you), the President, chapter advisor, Vice President, and Assistant Treasurers. Its purpose is to handle all financial matters of the chapter. The committee determines all dues, fees, distribution of funds and any other sources of income. It is your responsibility to make sure that the finance committee is aware of any financial problems the chapter is facing. Your finance committee is your biggest asset; think of it as being invaluable and not a burden.

The Budget

The budget is the foundation of any business; financial decisions are made based on the budget. Accordingly, you should spend an appropriate amount of time thinking, discussing, and planning a practical budget for your chapter. Once you've developed the budget, don't toss it in the corner. You should review the budget every month and adjusted accordingly. The purpose of a budget is to serve as a starting point from which to base the rest of the year's expenses. You should not create a budget just to prove that you can write one. The chapter's budget is an extremely valuable tool.

Communication is Vital

It is extremely important that you keep all members aware of the financial stability of the chapter. Besides the fact that it is their money, many members are interested in how the chapter disburses its funds. At each chapter meeting, you should give a full report on what is occurring within the finance committee. If the committee is having a problem, let the members know. Remember, your chapter functions as a team, not as independent parts. When a "player" (officers) is down, it is the job of the other members to help lift him back up. For that reason, it is vital to keep the communication flowing within the chapter and among advisors.

Performance is Key to Success

After you finish reading this chapter you will know what to expect as Treasurer. From then on, it becomes only a matter of performance. Being Treasurer requires long, sometimes frustrating hours of work. If you take pride in your office and maintain high performance levels, you will be successful. You will have realized the importance of your job and the effects that a mediocre Treasurer can have on the chapter. Prove to yourself and your chapter that you are committed to a "life of excellence."

DUTIES OF THE TREASURER

The following is a brief outline of the duties of the Chapter Treasurer:

1. Bill members for dues and fees.
2. Collect the accounts receivable of the chapter and to write proper receipts (available from the Central Office).
3. Disburse chapter funds with the authorization of the finance committee.
4. Complete and mail a monthly financial report to the Central Office by the 15th of each month.
5. Report at each chapter meeting the financial condition of the chapter.
6. Serve as chairman of the finance committee.

7. Assume responsibility for preparing the annual budget with the aid of the finance committee and house corporation officers and insure that expenditures stay within budgeted amounts.
8. Arrange for a financial review of the chapter's financial records as required by the Constitution and Bylaws, and send a copy to the Central Office.
9. Serve as a member of the Executive Committee.
10. Oversee and/or limit the number of members who make direct purchases for the chapter.
11. Formulate an effective program for the collection of delinquent (non-current) alumni accounts.
12. Use proper accounting methods in keeping the financial records of the chapter.
13. Train an Assistant Treasurer(s), so that he (they) will be prepared to take over the responsibilities of the Treasurer's office.
14. Collect initiation dues prior to initiation; require initiates to complete and sign initiation reports prior to initiation; and submit to the Central Office both initiation dues and properly completed and signed initiation papers within seventy two (72) hours after each initiation.

THE TRANSITION TO TREASURER

As the Fraternity does not have one specific comprehensive bookkeeping guide, several addendums are included with this manual. These addendums cover the technical aspects of your job, from preparing your budget for the coming year to arranging for a financial review at the end of your term. These are standard forms and procedures that all undergraduate Treasurers throughout the Fraternity must follow. You must be familiar with each before you are ready to assume, with any degree of success, the financial management of your chapter.

If your chapter is one that is using a local accountant, your responsibilities will depend upon previous arrangements with your local service. In any case, you must supply the basic information, i.e., number of members, breakdown of chapter bill. Talk with the accountant keeping your books to familiarize yourself as completely as possible with his or her procedures. It doesn't hurt to review for completeness and accuracy the reports provided by the accountant. You should have access to a budget comparison, all assets and liabilities reports, and the chapters year-to-date gain (or loss) status.

Mechanical bookkeeping, represents a relatively small part of your job. Your primary task is financial management and your basic management tool is complete, accurate, and

timely financial data. Good bookkeeping practices are important because a good set of books and up-to-date financial reports will provide you with the information on which to base day-to-day decisions.

PREPARATION

Preparing your budget for the coming year to arranging for an audit at the end of your term are the concrete parts of your job and you must be familiar with each before you are ready to successfully assume the financial management of your chapter.

The new Treasurer should also:

1. Ensure that sufficient Treasurer supplies and forms are on hand. Many of these supplies are available free of charge from the Central Office. Check out the Resources and Supplies Guide located in your Chapter Leadership Guide.
2. Verify that the retiring Treasurer has deposited all cash on hand as of January 31. If all cash has not been deposited, however, count the undeposited cash with the retiring Treasurer and sign for the chapter records a statement of undeposited cash received from the retiring Treasurer.
3. Have check writing privileges signed over to him at the chapter's local bank. Have your chapter's new President accompany you as the co-signer. It is expected that the President sign all chapter checks as well.
4. Make sure that either you or your Corresponding Secretary has notified the Central Office of the election of a new Treasurer and Assistant Treasurer.
5. Make sure the retiring Treasurer has arranged for the financial review. Information on what goes into a financial review is available from the Central Office.
6. Collect all chapter property that the retiring Treasurer has been using, e.g., ledgers, checkbooks, software, supplies, records, contracts. Make sure that no unauthorized person has keys to depositories for chapter funds.

THE FINANCE COMMITTEE

As Treasurer, you are chairman of the chapter's finance committee, which is composed of yourself, chapter advisor, President, Vice President, and Assistant Treasurer(s).

The finance committee determines all dues, fees, and other sources of income for the chapter, as well as appropriates funds for all expenditures, based on a predetermined budget and estimating needed income, and anticipated expenses. The committee is your

counsel on all financial matters and should be well informed. These officers should also be your allies in presenting fiscal policies to the chapter.

It is important that the finance committee meet regularly, usually every other week. It is advantageous for the committee to meet immediately prior to chapter meetings. The Assistant Treasurer should serve as secretary of the committee and keep complete minutes of business conducted. The minutes should be kept in permanent form so they may be referred to at a later date if needed. The minutes should contain such actions as approval of expenditure of funds, adoption of preliminary and final drafts of the budget, consideration of unpaid members' accounts, compensation of employees (if any), and recommendations of chapter action for members whose accounts are unpaid for thirty days or more. The minutes are always signed by the secretary (Assistant Treasurer) and approved by the chairman (Treasurer). Petitions for waiver of fines on delinquent accounts should be attached in the minute book immediately following the minutes of the meeting at which they were considered. A sample of the finance committee's minutes (see appendix A) and a sample waiver petition (see appendix C) are located at the end of this section.

Financial matters should be taken to the finance committee and not to the chapter. In chapter meetings, the President should refer all items of business involving the expenditure of chapter funds to the finance committee, and in no instance should he entertain a motion which would encroach upon the authority of the committee. Neither may the Treasurer or any other member of the chapter, without special authorization of the finance committee, approve expenditures not covered by the budget. The active chapter may, if it desires, make recommendations to the finance committee, either informally or by a motion voted upon in meeting.

The first meeting of each month should be devoted to unpaid members' accounts and consideration of written petitions for waiver of the 10% fine. Only the chapter advisor, upon recommendation of the finance committee, may waive the 10% fine, which is constitutionally imposed. One meeting per month should be devoted to review of the previous month's financial report before it is sent to the Central Office. You should explain the report and discuss such figures as cash position, year-to-date gain or loss, budget comparison, and expenses out of balance with the budget. It is at this meeting that spending control should be exercised as well as adjustments, up or down, made in the budget.

One of the meetings should be devoted to interviewing unpaid members in order to determine their reasons for continued nonpayment. The finance committee can be quite helpful in keeping your accounts receivable under control.

While the frequency of finance committee meetings is flexible, it is doubtful that the committee can efficiently handle all of its business in less than two meetings a month. Handling petitions, reviewing reports, discussing appropriations, managing the kitchen and salaried employees, and hearing requests for money for chapter purchases all take time. Make sure you give yourself and the committee the time required to allow everyone

a fair hearing and to manage efficiently. In order to assist you, the finance committee must have information contained in your monthly financial reports. Have the reports available on time.

Hiring of Employees:

The finance committee is empowered to hire all salaried employees of the chapter: Steward, table waiters, cook, janitors, and others. If the chapter has a housemother, the committee has charge of securing applicants, interviewing them, and establishing the salary to be paid. It is recommended that final approval of the housemother rest with the chapter, in as much as the housemother, to do a credible job, must have the confidence of the majority. Most finance committees have found the advice of house corporation officers beneficial in securing satisfactory employees.

The finance committee has the power (*to supervise them in the performance of their duties*) and (*to discharge an employee for unsatisfactory performance*). If a salaried employee is not fulfilling the job in a satisfactory manner, it is the duty of the finance committee to discharge him/her immediately. Inefficient service is one of the greatest sources of waste in the chapter, and smooth financial operations cannot be maintained if this condition exists. Functional efficiency, not personal need or popularity, should keynote the chapter employment policy. It is the duty of the finance committee to see that this policy is followed.

ORGANIZING THE TRANSITION

As a business operation, a fraternity chapter is at a disadvantage because of the high turnover rate of its major executive officers. However, a Chapter Advisor, good records, the finance committee, and Assistant Treasurers all help increase the continuity of a chapter's financial operation. Nonetheless, the fact that a new Treasurer assumes office each year can create an entirely different financial outlook for the chapter every February.

Perhaps you now find yourself at the financial helm of your chapter wondering exactly what the Fraternity expects of you. You may have also assumed office lacking any formalized transition. A shoe box full of receipts and a pat on the back may be all that you received following elections. On the other hand, perhaps you're stepping into a position with a long history of stability in the chapter. Perhaps even another scenario, where an outside accountant spends time "crunching" the numbers for you is the reality you face. In this case, most of your job will center on fiscal management.

In whatever situation that befalls you right now, possibly the single most important aspect of your job is a sound transition. Although this may not have been the case with you, you can assure this continuity by electing an Assistant to aide you in your work. Ultimately, your charge is to train a potential successor, thus assuring the chapter of continuing high quality business and chapter management. The Fraternity's Constitution and Bylaws require the election of an Assistant Treasurer. The Fraternity recommends that two Assistant Treasurers be elected by the chapter or selected by the finance committee. The following information outlines a plan for the training of the two Assistants.

Generally, chapter Treasurers are elected in their junior year and Assistant Treasurers are elected in their sophomore year. Ideally, a Second Assistant would be selected in his freshman year. This means, of course, that in most cases, a member of your pledge class would be selected as Second Assistant.

For chapters pledging in the fall, a pledge could be selected just prior to initiation. For chapters with deferred rush who pledge in the spring, a sophomore could be selected as Second Assistant. In either case, the same advantages occur to the chapters.

Regardless of whether the First Assistant is elected and the second is selected by the finance committee or both are elected, the finance committee should be available to discuss the duties of the Assistant Treasurer with potential candidates.

In seeking Assistant Treasurers, look for the same qualities which are desirable in a Treasurer. Normally, one of the Assistants should eventually be elected Treasurer, but only if he has learned the job and is qualified. Above all, Assistants should be interested in the job.

You are the key factor in making the two-assistant system work smoothly. How well you train your Assistants will determine the amount of work they can accomplish and the degree of financial continuity your chapter will enjoy.

The following is an outline of duties designed for a sophomore First Assistant and a freshman Second Assistant. Of course, these duties may be adapted to suit your particular chapter needs and conditions. The more routine tasks are assigned to the Second Assistant and the somewhat more difficult tasks are assigned to the First Assistant.

Second Assistant (Freshman):

The Second Assistant may spend the first three months after his selection reading and listening. The more comprehensive his orientation, the better prepared he will be when he actually begins working with the books. The more opportunities he has to observe you and other finance committee members, the more he will understand why and how fiscal policy is determined. He can serve as another informal communication link between you and the chapter, particularly to the younger members with whom he has more contact. This orientation period should also give him an idea of how well he will like his job and how well suited he is for this type of work.

During his orientation period:

1. Have him review and learn your specific bookkeeping guide to your satisfaction.
2. Have him learn the functions of each of the various financial "books" of the fraternity (Accounts Receivable and Payable forms).

3. Orient him to the payment of dues (initiation and pledging), and Loyalty Fund, as well as correspondence handled by the Treasurer with the Central Office.
4. Teach him how to read and interpret a monthly financial report. Have him interpret reports to you in order to make sure that he has a thorough understanding of the contents of the reports.
5. Have him attend finance committee meetings.
6. Review with him the duties of Treasurer before putting him to work on bookkeeping tasks.

Assuming that this orientation period takes about three months, the Second Assistant should be ready to participate in the planning of the budget in April and May. Since by then he should have an understanding of its purpose and how it is determined, you might delegate to him the responsibility of determining one income category, say rent, and two expense items.

Review his work with him and have him explain how he determined his figures. Much of the work on the budget will still be done by you, the President, and the First Assistant, but the Second Assistant should have some experience of how to develop a budget.

The best time to start the Second Assistant working on some of the actual bookwork might be the following fall, although this is clearly optional if you feel he possesses the talents to start earlier. The following schedule is suggested for the Second Assistant:

February

1. Read "system specific" bookkeeping guide.
2. Review this document with him to ensure his understanding of its contents.
3. Attend finance committee meetings.

March

1. Review the "books" of the Fraternity.
2. Review to see that he knows the function of each.
3. Interpretation of monthly financial report.
4. Attend finance committee meetings.

April

1. Review Central Office correspondence.
2. Initiation dues and papers.
3. Budget work.
4. Attend finance committee meetings.

May and June

1. Budget work and orientation to other duties.
2. Attend finance committee meetings.

August

- 1.
2. Initiation Report Forms accurately completed and mailed to Central Office.
3. Report of Pledging cards completed and mailed to the Central Office.
4. Attend Finance Committee meetings.

September

1. Write/Print all house bills and distribute them.
2. Recapitulate bank statements verifying cash position.
3. Attend finance committee meetings.

October, November, December, and January

1. Same as September.
2. Same as September.
3. Attend finance committee meetings.

First Assistant (Sophomore):

The First Assistant will perform different, more detailed duties, and will require even closer guidance and supervision on your part. The year spent as a Second Assistant was basically a year learning with only a minimum of actual bookkeeping. When the Second

Assistant becomes the First Assistant, his duties should be gradually increased, so that he is ready to do the last monthly report of your term. The following schedule of duties is suggested for a sophomore First Assistant.

February

1. Write/Print house bills.
2. Write receipts (available from the Central Office).
3. Recapitulate bank statements, i.e., balance the chapter's check book.
4. Attend finance committee meetings.

March

1. Write/Print house bills.
2. Write receipts.
3. Recapitulate bank statements.
4. Attend finance committee meetings.
5. Set up Accounts Payable for the month.

April

1. Write/Print house bills.
2. Write receipts.
3. Recapitulate bank statements.
4. Attend finance committee meetings.
5. Set up Accounts Payable for the month.
6. Prepare Page 1 of the monthly financial report.

May and June

1. Write/Print house bills.
2. Write receipts.

3. Recapitulate bank statements.
4. Attend finance committee meetings.
5. Set up Accounts Payable for the month.
6. Prepare Page 1 of the monthly financial report.
7. Prepare for next fiscal year

September

1. Post house bills to individual member's ledger cards.
2. Set up accounts payable.
3. Prepare page 1 of the monthly financial report (overpaid and underpaid members).

October

1. Set up accounts payable.
2. If using the manual reports, prepare pages 1 and 3 of the monthly financial report. If using a computer program, print the income statement, balance sheet, and accounts receivable report.

November

1. Set up accounts payable.
2. If using the manual reports, prepare pages 1 and 3 of the monthly financial report. If using a computer program, print the income statement, balance sheet, and accounts receivable report.
3. Handle examples of unusual transaction (*NSF checks, refunds, etc.*).

December and January

1. Set up accounts payable.
2. If using the manual reports, prepare pages 1 and 3 of the monthly financial report. If using a computer program, print the income statement, balance sheet, and accounts receivable report.

ACCOUNTS RECEIVABLE

The problems created by those members who do not pay their bills, otherwise known as accounts receivable, are perennial in some chapters.

From a human relations standpoint, perhaps the most difficult part of being Treasurer is to make up your mind that it is time to make the fraternity experience in your chapter a cooperative venture in every way, including the payment of house bills. If a strict collection policy is in force, then you are fortunate that you will not have to lay the groundwork. If collection of house bills has been haphazard and indifferent, then you have your work cut out for you.

Consider the firm policy of member account collection from this viewpoint. A fraternity experience should include an opportunity to learn more about the responsibilities and human relations problems which most people face upon leaving school. One of the responsibilities considered most important is prompt payment of bills. What would be the results of three or four months of nonpayment of rent, car payments, or utilities? Insisting that financial responsibility become a group effort will help you and chapter members prepare to assume greater responsibilities.

From a purely practical standpoint, your chapter cannot afford to risk its credit rating because of a cash shortage, which could well result from a careless collection policy. Many chapter members resent having their money go to pay someone else's share of the chapter's bills. "Brotherhood" does not mean owing the chapter money. In university housing, students must pay their room and board bills -- usually in advance. The dormitory could not operate as a lending agency and the chapter is in no better position to loan money informally to its members. There are loan funds from the government, local banks, many universities, and the Fraternity available for students who for some legitimate reason are unable to pay their chapter bill. The finance committee should encourage unpaid members to investigate these sources of funds rather than, in effect, borrow the money from the chapter.

Too many Treasurers feel that they are the only members of the chapter charged with the duty of collecting bills and end up with a frustrating, exhausting, and thankless job. The chapter advisor and President should be your greatest sources of help and you should keep them informed of the status of delinquent members. Post a list of unpaid members in the house and read the list in chapter meetings.

The chapter members themselves can be a source of great pressure if you succeed in mobilizing them behind you. The other members of your finance committee should be informed and assigned to talk with unpaid members.

Strict application of the 10% fine, as specified in the Constitution, can be an effective incentive to pay bills on time. In difficult cases, you can, of course, resort to writing or calling parents and suspending privileges. Some universities will withhold grades and registration of delinquent members. This is known as an encumbrance policy.

If a member owes money at the end of the school year, be sure to secure a promissory note from him (*see appendix F*). Then be sure to follow up and collect this during the

early summer. In no case should a member be allowed to return to the chapter in the fall if he has an unpaid balance.

Each delinquent account is different. Consider each individual involved before deciding your course of action. Pressuring the individual's parents may work in one case, whereas suspension of all social and voting privileges may prove effective in another. The best prevention of high accounts receivable is an understanding by all members that each must pay his share and pay it on time.

Once you have made up your mind to collect all accounts receivable, you must, with the backing of the finance committee, communicate guidelines for bill payment to the chapter. Article VIII, Section 2, of the Bylaws is explicit about handling delinquent accounts. Your regulations for payment of house bills must be applied to everyone without exception. This applies to those who "forget" to pay, those who ignore their responsibility, and those who cannot pay, for any legitimate reason, within the allotted time.

A complete explanation of the meaning and extent of financial responsibilities, from initiation to graduation, to the pledge class will help make financial responsibility on the part of chapter members a tradition. Furthermore, work with your chapter advisor in developing the outline of dues and other costs which should be included with the chapter advisor's letter to the parents of new pledges. These letters are printed by the Fraternity and are contained within the Advisor's Guide.

For Non-current Alumni Accounts, which include those members who have graduated, dropped out of school, transferred, or depledged owing money, the Treasurer and finance committee should pursue collection. Verify that the person actually does owe the money, through examining the books, and determine when and for what (rent, board, etc.) the bill was incurred. A series of letters, each with a specified reply date, should be sent to the person who may be effected. The first letter should indicate what your records show and asks the person to cooperate in verifying this information and clearing his account. If no reply is received, a second letter sent via certified mail again stating the amount due and the intentions of the chapter if the account is not settled should be written. If still no reply is received, some chapters turn the accounts over to a collection agency, an alumnus in the legal profession, or the chapter advisor for follow-up letters and action.

You might also call the individual, write the parents, or enlist the assistance of an alumnus in his class (*see appendix C*).

If all means of collecting these accounts have been exhausted, accounts which meet certain conditions may be turned over to the Arch Chapter for expulsion. Contact the Central Office for details as to how to proceed in obtaining Central Office and Arch Chapter assistance.

In looking at the schedule, you will notice that the pace does gradually pick up and that more is expected of the First Assistant, particularly in regard to the budget. You have the

responsibility of drawing up the final draft of the budget, but learning to estimate expenses is extremely important. If the First Assistant is elected Treasurer, he will live with your budget for half the year. Therefore, he should determine estimated expenses for your review in preparing the preliminary budget. Discuss this task with him, teaching him how to estimate flexible expenses such as contingencies, miscellaneous, and provisions. The Assistant's budget work should be completed in late April or early May, so the finance committee can discuss the preliminary budget before sending it to the Central Office for review.

Two Sophomore Assistants:

Chapters which pledge in the spring may not be able to select a freshman as one of the Assistants, and thus, should select two sophomores as Assistants. When both Assistants are sophomores, the training each receives should be different from the training given to a freshman Assistant and a sophomore Assistant. The following suggested schedules are designed so that each Assistant receives equivalent training, because neither would move from Second Assistant to First Assistant. The Sophomore Assistants are labeled as "A" and "B" for convenience, but both have equal rank and, if the schedule is followed, will be prepared to become Treasurer.

Assistant Treasurer A (*Sophomore*)

February

1. Read system specific Bookkeeping Guide.
2. Write/Print house bills.
3. Finance committee meetings. *

March

1. The books of the Fraternity.
2. Recapitulate bank statement.
3. Finance committee meetings.

April

1. Write/Print and post house bills.
2. Learn the duties of the Treasurer in correspondence with the Central Office.
3. Finance committee meetings.

May and June

1. Recapitulate bank statement.
2. Determine one income and one expense item on budget.
3. Finance committee meetings.

September

1. Write/Print house bills.
2. Learn how to set up accounts payable.
3. Finance committee meetings

October

1. Recapitulate bank statement.
2. Write part of the monthly financial report.
3. Finance committee meetings.

November

1. Write/Print and post house bills.
2. Handle examples of all unusual transactions.
3. Finance committee meetings.

December

1. Recapitulate bank statement.
2. Learn Pages 1 and 3 of monthly financial report.
3. Finance committee meetings.

January

1. Write/Print and post house bills.
2. Finance committee meetings.

Assistant Treasurer B (*Sophomore*)

February

1. Read system specific Bookkeeping Guide.
2. Recapitulate bank statement.
3. Finance committee meetings. *

March

1. The books of the Fraternity.
2. Write/Print house bills.
3. Finance committee meetings.

April

1. Recapitulate bank statement.
2. Learn the duties of Treasurer in correspondence with the Central Office.
3. Finance committee meetings.

May and June

1. Write and post house bills.
2. Determine one income and one expense item for the budget.
3. Finance committee meetings.

September

1. Recapitulate bank statement.
2. Learn how to set up accounts payable.
3. Finance committee meetings.

October

1. Write and post house bills.
2. Handle examples of unusual transactions.
3. Finance committee meetings.

November

1. Recapitulate bank statement.
2. Post receipts.

3. Write Page 1 of the financial report.
4. Finance committee meetings.

December

1. Write and post house bills.
2. Learn Page 3 of the monthly financial report.
3. Finance committee meetings.

January

1. Recapitulate bank statement.
2. Finance committee meetings.

**The two Assistants could alternate as secretaries of the finance committee. Both should attend each committee meeting*

These schedules are designed to give each Assistant the opportunity to decide whether the Treasurer's position is for him without endangering the continuity of the office. The schedules theoretically assume that both Assistants will remain throughout the entire year. Naturally, you will have to modify the schedule if one man should give up the job. The primary advantage in beginning with two Assistants is the added flexibility and insurance it gives you and ultimately the chapter, should one of the Assistants decide to pass up the opportunity to become a candidate for Treasurer.

THE BUDGET

As a newly elected Treasurer, you will not be concerned immediately with the preparation of a budget, but you will be operating for several months under the budget prepared by your predecessor.

You should immediately compare actual figures versus the budgeted figures and begin making plans accordingly. Is the present budget accurate, or do you need to make drastic adjustments in order to avoid disaster at the close of school? Have actual income figures matched budgeted income? How closely do actual expenses follow budgeted expenses? If there are items out of line in either income or expense, the reasons should be determined. Some of the items may be correctable immediately; others may require long-range efforts. If, for instance, the house has a number of empty beds causing a big loss in the house fund, it may not be possible to correct the situation until next semester. While you may be able to persuade a few out-of-house members to move in, your efforts should be devoted to insuring a full house the following semester through housing contracts (*see Appendix D*).

If the chapter is spending over the budget for variable expenses such as rush, social, and provisions, it may be possible, after careful study, to cut these costs immediately. When

your problems involve overspending on both fixed expenses and variable costs, you should work with your finance committee and house corporation in developing long-range plans to eliminate the sources of these problems.

The shortage of sufficient manpower is a major cause of serious financial difficulty. Without enough men to support a full chapter program, a chapter will experience financial problems which ultimately result in a loss of morale and a generally depressed attitude toward the chapter. The situation soon becomes an endless circle. Insufficient manpower means a lack of money. Lack of money results in reduced chapter services and programs which hurt morale and attitude. Low morale and attitude often lead to low achievement (*poor rush efforts*), which results in a continuing lack of manpower.

If a manpower shortage exists in your chapter, every member should be aware of and concerned about the problem. Encourage the chapter to attack its problems by first determining their causes. Causes may lie within the chapter, the fraternity system on campus, or both. Solutions may call for startling changes in chapter programs. In any event, the success of your business operation depends on an adequate membership, and you must take the lead in helping assure the chapter of sufficient members to support necessary programs and services.

As you work with the current budget, you should begin formulating ideas about the budget you will prepare for the next school year. The preliminary draft should be completed by May 15 and submitted to the Central Office for review and comment. Comprehensive instructions for developing the budget are available free of charge from the Central Office. This, in addition to any orientation you have had from the previous Treasurer, should provide you with the knowledge necessary to determine the various items. Delegate to your Assistants one or two items to give them an idea of how the budget is prepared. About a month before preparing the preliminary draft, request the chairman of each chapter committee to submit budget estimates for his committee.

Having committee chairmen submit requests for budget allocations will help you determine how much each area of operation will need and will give each chairman an idea of how much he will have to spend. The more members who have an understanding of how and why funds are derived, appropriated, the greater the identity will be among chapter members with your fiscal policies. Your sound financial planning will stimulate chairmen to formulate plans for their committees.

The monthly financial reports, especially the budget comparison section, will be invaluable in preparing your budget. If you do not have performance data for the previous year, your efforts to allocate expenses will be hit or miss at best. Remember, however, that in the present economy, you cannot realistically base future expense estimates on past experience. Inflation drives up the cost of goods and services each year. The cost of some items, particularly provisions, is increasing rapidly.

A chapter cannot continue year after year with the same income and still provide comparable programs and services. It is vital that you, the finance committee, and the chapter recognize the effects of inflation on chapter operations.

Once you have estimated figures for each budget item, the finance committee should assist you in preparing the final draft of the preliminary budget. After you receive the commentary on your budget prepared by the Central Office, you should again meet with the finance committee to revise the preliminary draft into a final budget.

The value of a realistic budget as a plan for operation cannot be overemphasized. When you are responsible for the collection and disbursement of a sizable sum of money, it is unthinkable to begin the fiscal year without a plan.

HOW TO USE YOUR BUDGET

The budget as a plan devised to achieve the goal of sound financial management is not worth the paper it is printed on, much less the time required to prepare it, if you do not use it. Some Treasurers prepare a beautifully balanced budget and promptly file it away in a drawer, never again to see the light of day. The budget is a tool to be used in everyday decision making. Your budget is not sacred; it can and should be changed as the need arises. Conscientiously using and changing the budget will help you manage successfully.

As you know, the budget has two parts--projected billed income and projected expense. You also know that billed income must exceed expense. At this point, the budget is purely theoretical. To make the budget a practical guide, it must be compared with actual income and expense figures.

At one finance committee meeting each month, preferably the one at which the monthly financial report is reviewed, the budget should be reviewed. First, look at the projected income part. Are actual monthly and year-to-date income figures in each fund under or over the budgeted projections? Next, look at the projected expense figures for the funds, each of which must be self-sustaining. Which funds are actually spending more or less than you projected in the budget? Now look at actual income and expense figures. Does income exceed expense? Do not be misled by an excess of actual income over expense. The excess may be needed in following months to offset losses.

With actual versus budgeted comparison data, you are ready to determine why the figures are what they are and perhaps modify the budget. Begin with income since it is somewhat less complicated. If there is a difference in actual and budgeted income, why does that difference exist? Either you have more or fewer men than those for whom you budgeted. If you have more, your actual billed income will be more than budgeted income and your actual income should be running ahead of actual expense. If you have fewer men than you budgeted for, the budgeted income and actual income are probably running behind actual expense. Unfortunately, many chapters keep spending by a budget which provides

for more income than they actually have. This is running a collision course with financial disaster and a certain year-end assessment.

If actual income is not in complete agreement with budgeted income, change the budget to reflect actual conditions of the month in which the change is made and project conditions for the following months.

Once the income side of the budget is back in proper balance, you must proceed to the expense side. Some expenses -- rent, salaries, house notes, etc. -- are fixed and cannot be changed, but others -- food, rush, social, utilities, etc. -- are variable and more or fewer dollars can be spent in these areas. Based on your new income projections, reallocate funds to the variable expense items. With revised income and expense budgets, you will be better able to make daily spending decisions.

By now you are probably asking, "How do you follow the expense side of the budget?" The answer to this question and the secret to successful management is control of spending before the money is spent. Who spends money in your chapter? You write the checks, of course, but the checks are usually written after the money is spent.

The key issue is who has control over the buying of all products and services from paper clips to third party vendors. If you, as Treasurer, and the finance committee do not have such control, then you cannot be an effective manager of your chapter's funds. If any member of the chapter can walk into any business in town and charge any item, regardless of how small, to the chapter, you cannot possibly have control over chapter expenditures.

The most effective way to control expenditures is through a system of check requests. Under this system, any chapter member desiring to spend chapter funds for any purchase completes a check request detailing a description, cost, and supplier of the item. The request is submitted to the Treasurer, who writes a check if the expenditure is for a budgeted item. If the check request is for a non-budgeted item, the Treasurer refers the request for expenditure to the finance committee. If the finance committee approves a non-budgeted expenditure, the Treasurer writes the check. However, nothing is bought without a check request.

By requiring a check request for every purchase, members learn to anticipate their needs and determine the cost of each item before the item is actually bought. You use your budget to help you decide the items for which you can immediately write a check and the items you must refer to the finance committee. If your cash position is weak, you can refer all requests to the finance committee.

If your chapter is not already using a check request system, by all means install one, and do not forget to inform the chapter members how it works.

In summary, the budget is a management tool to help you do your job. It is your responsibility to insure that the chapter operates on a sound fiscal basis. This simply means that you must take in more money than you spend.

REPORTING TO THE CHAPTER

In order for the chapter to understand its current financial condition and support fiscal policies, communication between you and the chapter must be frequent and comprehensive. The Treasurer's report must be on the agenda for every chapter meeting. In reporting to the chapter, be sure you are prepared and that what you say is informative.

Every member is interested in where and how his money is spent, and rightfully deserves to know. On the other hand, it is difficult to explain a monthly financial report to the average member without confusing him. It is also difficult to explain financial operations orally. Extracting the "vital statistics" of financial operations from monthly reports and briefly forecasting future operations will permit you to inform without confusing the chapter. The following items should be reported:

1. Amount of billed income and amount collected.

Example: Billed income: \$2,345.50 Collected: \$2016.25

2. Unpaid members and amount paid.

3. Bank balance -- cash versus accounts payable.

Example: Cash on hand: \$1,097.50 Bills Payable: \$474.25

4. Year-to-date gain (loss).

Example: Income: \$12,800.50 Expense: \$12,070.50 Gain: \$530.00

5. Comparison of actual year-to-date gain (*loss*) compared to budgeted income and expense.

Example: Budgeted Income: \$13,300.50 Expense: \$13,070.50 Gain: \$230.00

Note: In this case, the chapter is \$300 ahead of budget due to \$500 more income than planned versus \$200 more in expenses than planned.

6. Explanation as to why the balance is favorable or unfavorable for the various funds and major items and plans for adjustments.

It is important to have this basic data on paper for your and the chapter's reference. Make at least four copies of this monthly summary -- one for posting in the house, one for the President, one for the Treasurer of your house corporation, and one for your files.

After each finance committee meeting, you should report the business transacted to the chapter. Based on committee minutes, some of the information may be summarized, but the entire chapter should be fully informed of the major business matters discussed by the finance committee. A copy of the minutes of each meeting should also be available to any chapter member who wants to read them.

Communication is an important part of your job. You are managing funds which the other chapter members have entrusted to you. Some members will show more interest than others in how their funds are appropriated, but everyone deserves to know how the money is being used. Be candid, honest, and current in your reports. You will not help yourself or the chapter in the long run by delaying unpleasant news. Unfavorable trends and measures to counteract them should not be delayed or kept secret. A surplus, or favorable trend, on the other hand, does not automatically call for increased spending. The more you demonstrate to the chapter that you are capably managing the business operation, the more the chapter will support your fiscal policies and procedures.

RELATIONS WITH THE HOUSE CORPORATION

The officers of your chapter's house corporation are important sources of assistance. The financial fortunes of the chapter and the house corporation are interdependent, and the corporation exists only to serve the chapter. The chapter, however, is the corporation's only source of income. The corporation should receive three types of income from the chapter as follows:

1. Rent -- established on an annual basis and paid to the house corporation in eight or nine equal installments the first of each month. The rent should be based on the replacement value of the property, not on the amount required to amortize the mortgage and provide for immediate repairs.
2. Gains from initiation fees, paid to the house corporation immediately after initiation. This amount is the difference between the total initiation dues and the dues paid to the Fraternity.
3. House note, or building fund charges, paid to the house corporation the first of each month school is in session. The house note, usually \$20 per month (\$75 to \$100 per semester), is a use charge, not a membership fee. The funds are used to maintain the chapter house. All initiates and pledges are required to make the payments as long as they are active in the chapter.

Establish immediate contact with the officers of your house corporation and maintain close contact with them throughout your term of office. These officers are businessmen and will be able to advise you on chapter financial matters.

The Treasurer of the house corporation must review and approve the chapter's budget, and you should arrange a meeting between the corporation officers and the chapter finance committee to approve the final draft of your preliminary budget. So that the

corporation Treasurer will be aware of the chapter's financial condition, you should send him a copy of the monthly financial summary you prepare for the chapter.

The officers of the house corporation are required by the Fraternity's Constitution and Bylaws to report annually the financial condition of the corporation to the chapter. This report is best presented in a joint chapter-corporation meeting. After the close of the corporation's fiscal year, you and the corporation Treasurer should arrange for this joint meeting.

The house corporation, the chapter, and the officers of each, have a common goal and responsibility, and that is to provide the best possible housing and living conditions for the undergraduate chapter. Just as it is expected that the house corporation must be aware of your chapter's financial picture and any problems you are experiencing, you must likewise keep in regular touch with the house corporation officers, understand their financial needs and commitments, and be in a position to apprise the undergraduate chapter of these matters. In recent years the house corporation has been subjected to constantly increasing costs of insurance, taxes, maintenance, and replacement. You must understand its business problems of maintaining a Shelter for the chapter and be able to relate and communicate these to your membership.

Essential to continued good housing for your chapter, or improved housing if that is what you need, is regular communication between the finance committee, of which you are a chairman, and the house corporation officers. Only through communication, understanding, and the establishment of common objectives will continued progress be achieved.

THE STEWARD

Most of the costs associated with running a fraternity chapter are fixed. Of those costs that are considered variable, the provision expense is the largest. In some chapters, provision expense is approximately thirty to thirty-five percent of the total expense incurred each fiscal year. It is obvious that good table fund management, or the lack of it, can make or break a chapter financially. In many chapters, the steward provides the planning and leadership to insure good business management of the kitchen.

The steward is not elected by members of the chapter. The position is filled by appointment by the finance committee, since this committee controls all financial matters of the chapter and the steward is occasionally a salaried employee. The finance committee should carefully review the candidates for the job and select the one best qualified from a business experience standpoint and the one who can devote the most time.

It is the duty of the steward to make all kitchen purchasing commitments for the chapter. This is one of his most important duties, not to mention the one which may be most easily abused. He should never buy food for the chapter at retail. Most wholesale houses are

willing to cooperate with fraternity stewards by selling to them at “restaurant” prices -- prices which are only slightly above wholesale and considerably less than regular retail prices. The steward should be “bargain conscious” at all times and shop around for the best prices before buying.

The steward should watch carefully the portions of food served to the membership and should advise the cook how much food to put on the plates. The membership should be served enough food to satisfy their hunger, but they should never be served such large portions that part of the food will be returned to the kitchen as waste. The steward may eliminate some food waste by helping the cook to prepare the menu, giving consideration to the necessary elements of a balanced diet, as well as the tastes of the chapter membership. He should insist that members notify him and/or the cook whenever they will be absent from a meal, so that food may be prepared accordingly.

In summary, the steward must realize that he is the manager of a large business enterprise, for through his department flows an enormous quantity of food/provision and supplies which result in the expenditure of thousands of dollars each year. Few men of undergraduate age are ever given such a responsibility. It is the responsibility of the steward to operate his department within the table fund budget and at a profit. It is your responsibility as Treasurer and chairman of the finance committee to oversee the kitchen operation and to provide the steward with accurate and timely financial report data and, if necessary, budget counseling.

HANDLING INITIATIONS, ANNUAL DUES, AND PLEDGE DUES

The Treasurer should insure that each person to be initiated has paid his initiation dues in full prior to the initiation, and that the forms are signed and completed. The forms and dues should then be sent to the Central Office immediately after initiation.

Annual dues should be billed to members and sent to the Central Office the first month that school is in session in the fall. A list of those members for whom payment is made should be enclosed on the form provided.

Pledge cards and dues should be collected from new pledges and sent to the Central Office as soon as a man is pledged. On receipt of the pledge card and dues, the Central Office will issue educational materials to the chapter. Pledge pins are included in the price of the pledge dues.

SUMMARY

You know what is expected of a chapter Treasurer. Now it is a matter of performance. You will either take pride in your job and carry out its duties and responsibilities well, or you will not. There is never any “gray” area when it comes to finances. The role and influence you have in your chapter’s overall success or the consequences of your failures should be by now quite apparent.

If it is possible to name one critical factor in a job such as yours, that factor would be your attitude or philosophy about the job. If you view your chapter as a business and yourself as its business manager, and if you consistently apply your knowledge, you should not experience great difficulty. If, on the other hand, you are willing to make exceptions to the rules, spend more than is budgeted, procrastinate in completing your books and reports, or attempt other shortcuts, your chapter will suffer the consequences.

You will no doubt have problems and questions. The Central Office staff, your house corporation officers, and your chapter advisor are willing to advise and assist you. The financial success of your chapter, however, depends on your knowledge, ability, and willingness to serve as a financial leader and role model.