

# KAPPA KAPPA PSI

## MANAGING CHAPTER FINANCES

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Recording chapter income and expenses is necessary in chapter business. The following are tools to help you track income and expenses, manage the funds you have and plan fundraising activities.

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### Income

- **Use a receipt book.** Whenever receiving money from a fellow brother or collecting money from a fundraising activity, record it in a receipt book. This is your safety net where you track all money coming into a chapter. Don't rely on memory, write it down when you receive the money.
- **Keep an Excel spreadsheet** of the chapter's income that includes the categories listed on the following page. Keeping track of where the money comes from and how it is obtained. This will help you budget future chapter income and determine how many fundraisers need to occur.
- **Fundraising** is part of your income. Get what you need and then spend your energies on other activities; the chapter does not have to be continually fundraising.
- **University funds.** Yes – free money may be available from your university. Research how to do this on your campus because free money means planning fewer fundraising activities. Universities commonly fund activities that benefit band programs, travel to educational events outside of the university such as district and national conventions and events the chapter supports.

### Expenses

- Determine the activities your chapter spends money on every year. Establishing annual expenses for the chapter will help you budget how much fundraising activities are necessary.
- **Do not write a check unless there is enough money in the bank account to cover it.** Bouncing checks costs the chapter money that could be better spent on other activities.
- **Have a clearly established way of handling reimbursements.** Individuals are reimbursed when receipts are presented. Whether you require a signed form and/or a chapter vote – decide how it's going to work, keep it consistent and have the chapter approve this process before you use it.

### National Dues

- National dues must be **postmarked to National Headquarters by September 30<sup>th</sup> every year** (October 15<sup>th</sup> if your school begins after September 15<sup>th</sup>).
- They **MUST** be paid in the form of a **CHECK** or **MONEY ORDER**. **Do not send cash!**

- Every Active and Conditional member pays National Dues. **They are \$100 per person.**
- Any payment plan (where a brother agrees to pay dues or fees over a set period of time) should be put on paper and signed. Make sure you have a written procedure in place for how it will be approved and who needs to approve payment plans.
- If you count National Dues as part of your income in the budget, they must also be counted as expenses. Generally, since the money for National Dues is simply passed on, you can leave it out.
- Each chapter is required to pay a Chapter Fee of \$75 annually. Do not forget to budget for this!

## **Creating a Treasurer Binder**

Every treasurer should have a binder containing the chapter's financial records and any necessary paperwork to go along with them. This binder should be present at every meeting. The following are recommended as sections in your treasurer binder:

### **I. Balance Sheets for All Accounts**

This looks like a check register but is larger and contains more detail. It is essential to have an up-to-date and detailed balance sheet for each chapter account. See below for an example.

### **II. Summary of Outstanding Allocations**

This is a listing of money that the chapter has approved to spend, but that has not been spent yet. This is important because while the money may still be in the account, it is committed and cannot be used for other things.

### **III. Payment Status for Each Brother**

This shows each brother and how much money they owe, as well as the date and receipt number of any payments they have made. This is important for ensuring that everyone pays their dues and fees. The treasurer should always know how much money each brother owes.

### **IV. Payment Plans (if your chapter uses them)**

If your chapter allows people to pay their dues in installments over time, it is essential that you use written contracts to ensure that everyone understands the exact agreement. This section is where the treasurer would store such contracts after they are approved.

### **V. Copies of Receipts / Blank Receipts**

As mentioned above, always give receipts for payments. Store the chapter's copies here.

### **VI. Blank Checks / Any School Account Forms**

This would include checks and/or any forms used to withdraw from campus accounts.

### **VII. Chapter Financial Forms**

If you use reimbursement forms, or contracts, or anything like that; blanks go here.

## VIII. Chapter Budget

See the next page for detailed instructions on how to make a chapter budget.

## IX. Copies of Bank Statements

Always keep bank statements in a secure place. Keep copies of the current year in this section in case you need to reference them at a meeting.

### Using a Balance Sheet

As mentioned above, this is very similar to a checkbook register you might use for your personal finances. It includes the date, transaction/check number, description, category, and amount of every transaction as well as a running balance in the account. **Do not rely only on your bank statements to track your finances – they could be wrong and will not show checks you have written that have not cleared yet. You should know your balance at every moment.** Here is an example:

Date	#	Category	Description	Debit (-)	Credit (+)	Balance
3/14/2007			Balance Forward			\$ 226.82
3/14/2007	102	FR	Car Wash Supplies (Wal-Mart)	\$ 26.82		\$ 200.00
3/15/2007		FR	Car Wash Donations Deposit (#3316182)		\$ 383.65	\$ 583.65
3/22/2007	103	SVC(CB)	Refreshments for Wind Symphony Concert (Wal-Mart)	\$ 52.22		\$ 531.43
3/23/2007		DUES	Dues Payment from Brother Smith (Part of Deposit #3316222)		\$ 20.00	\$ 551.43
3/23/2007		DONA	Donation from Anonymous Alumnus (Part of Deposit #3316222)		\$ 200.00	\$ 751.43
3/30/2007	104	MEP	Carnations for Candidates at Third Degree (Joe's Flowers)	\$ 21.43		\$ 730.00

## Creating a Chapter Budget

- A budget is used to identify how much money the chapter will use during a year.
- Using a budget can help the chapter treasurer and/or fundraising chair identify how much money the chapter needs to fundraise during the year.
- Things you need to know:
  - Income and where it comes from
  - Annual expenses
  - What projects the chapter plans to pursue this year and how much money is needed
- **Budget *more* than you think will be used for *expenses*.** For example, if you think the chapter will spend \$80 on recruitment activities, budget \$100 in case extra money is accidentally spent.
- **Budget *less* than you think you will make for *income*.** For example, if you think the car wash will make \$50, budget \$40 in case the activity does not make as much as you originally thought.
- **Do not spend more money than you have.** If you do not have a sure-fire way of obtaining more funds, do not make promises to spend more than you have.
- If the chapter consistently has a \$50 balance at the end of the year, consider budgeting a surplus of \$100-\$200 so there is more money to work with at the beginning of next year and leave the chapter in a better financial situation.
- **Consult chapter officers when assigning dollar amounts to their activities.** They are the best resource for knowing how much the activities they are planning will cost.
- Provide a point of reference for the amounts you budgeted by providing information about how much money was made or spent in previous years.
- The first budget is the hardest to make, but it gets much easier over time. As you will see when you look at the sample budget on the next page, budgets are generally based off of money spent the previous year. If you don't currently have exact figures for last year, you'll have to estimate. Then, you can make sure to keep track of it in the future and making the budget will become much easier.
- **When presenting the budget to the chapter remember:**
  - This is your **proposal** of the best use of chapter funds
  - The budget should be discussed, modified and ***voted on*** by the chapter
  - The chapter can make changes as they deem necessary
  - Clearly explain that amendments to the budget can be made at any chapter meeting

- Chapter members are agreeing to participate in fundraising activities outlined in the income section by voting on the budget
- Be specific with activities if you want the chapter to be specific with spending
- If you budget \$200 for the Membership Education program but do not specify that \$50 is allocated for the Membership Class' service project, the Vice President could spend the entire amount on recruitment.

# Sample Chapter Budget

EXPENSES			
	2013-2014 Budgeted Amount	2013-2014 Amount Spent	2014-2015 Budgeted Amount
<b><u>Administrative</u></b>			
Annual Chapter Fee	\$ 75.00	\$ 75.00	\$ 75.00
Postage	\$ 10.00	\$ 6.78	\$ 10.00
Photocopying	\$ 40.00	\$ 17.00	\$ 20.00
<b><u>Membership Education</u></b>			
Recruitment	\$ 200.00	\$ 175.05	\$ 200.00
Membership Class Service Project	\$ 50.00	\$ 22.00	\$ 50.00
<b><u>Service</u></b>			
Concert Band Reception*	\$ 100.00	\$ 124.09	\$ 150.00
Gloves for the Marching Band	\$ 150.00	\$ 149.77	\$ 150.00
New Service Project Here!!!	\$ -	\$ -	\$ 50.00
<b><u>Fundraising</u></b>			
Band Gear Clothing	\$ 400.00	\$ 400.00	\$ 500.00
Carwash Equipment	\$ 25.00	\$ 33.00	\$ 40.00
<b>TOTAL</b>	<b>\$ 1,050.00</b>	<b>\$ 1,002.69</b>	<b>\$ 1,245.00</b>
<p>* Chapter voted to allocate additional funds to the Concert Band Reception service project because we were asked to hold an additional reception. Thus, more money was spent than budgeted.</p>			

Last year, you accounted for a large amount of photocopying, but very little money was spent on it. This year, the budget was adjusted because there probably won't be a large need to pay for photocopies again.

50 shirts x \$8 per shirt was budgeted for last year. The project went very well, and the chapter thinks they can sell a few more shirts this year, so you budget more money as start-up cost for the project.

Last year you thought you had enough equipment, but a hose broke. This year you'll allocate more money just in case.

Annual fee paid that keeps the chapter listed as an active chapter

4 receptions x \$25 each was budgeted for 2013-14. The chapter was asked to do one extra reception and modified the budget accordingly, but the budget presented to the chapter should reflect the original amount allocated for this service project.

If you didn't do the project last year, there is no budgeted amount from previous year. Estimate what it will cost this year.

INCOME			
	2013-2014 Budgeted Amount	2013-2014 Amount Earned	2014-2015 Budgeted Amount
<u>Dues</u>			
Chapter Dues	\$ 400.00	\$ 400.00	\$ 625.00
<u>Fundraising</u>			
Carwash	\$ 300.00	\$ 275.00	\$ 250.00
University Funding	\$ -	\$ 200.00	
Band Gear Clothing	\$ 400.00	\$ 500.00	\$ 500.00
<b>TOTAL</b>	<b>\$ 1,100.00</b>	<b>\$ 1,375.00</b>	<b>\$ 1,375.00</b>

University funding was not guaranteed, so you did not budget anything for it.

40 shirts x \$10 per shirt was the budgeted amount to sell last year to break even with start-up costs. But all of the shirts sold which made a \$100 profit over what was expected. This year 50 shirts must be sold at \$10 per shirt to break even.

Include a summary of the net gain or loss for the year and a summary of chapter finances to clarify how much money is spent or made.

Chapter dues are fees assessed per member by the chapter. All funds made on chapter dues go directly to the chapter to use. \$20 x 20 active members budgeted last year. This year you know there will be 25 active members but your income is not great enough to cover the desired expenses of the chapter, so you propose to increase active member chapter dues to \$25 per member.

4 carwashes x \$75 per event was the desired income from car washes last year. Not enough money was made on those 4 carwashes. Realizing you over-budgeted your income, you budget less for this year.

### SUMMARY

	2013-2014 Budgeted	2013-2014 Actual	2014-15 Budgeted
Income	\$ 1,100.00	\$ 1,375.00	\$ 1,375.00
Expenditures	\$ 1,050.00	\$ 1,002.69	\$ 1,245.00
<b>Effect</b>	<b>\$ 50.00</b>	<b>\$ 373.31</b>	<b>\$ 130.00</b>

	<u>2013-2014</u>	<u>2014-2015 Estimate</u>
Beginning Balance	\$ 123.50	\$ 520.81
+ Total Income	\$ 1,375.00	\$ 1,375.00
- Total Expenses	\$ 1,002.69	\$ 1,245.00
	<b>\$</b>	
<b>Ending Balance</b>	<b>495.81</b>	<b>\$ 650.81</b>