

## Financial Stability: A Must

By Dr. William V. Muse, CFC, Past Grand Prytanis

What is the most important factor in the success of a chapter? A strong brotherhood? Good leadership and management? A large number of men? A nice house?

All of these factors are important and may even be critical for a particular chapter. However, one of the most overlooked factors-by the average chapter member, at least-is good financial management or financial stability.

Two mistaken impressions often exist among chapter members: (1) that financial matters are entirely the concern of the Crysophylos, and (2) that financial management consists of keeping a good set of records. Both statements are erroneous and dangerous to the health of a chapter.

Financial matters should be a concern of every man in the chapter and especially so to each officer. One of the chief reasons for the failure of many chapters is poor financial management-large number of fraters not paying their bills, expenditures in excess of income, deterioration of physical facilities, cancellation of events, etc. Every man in the chapter has a stake in his chapter's future success or existence and, therefore, has a right to know how his money is being spent. He should insist that it is spent wisely.

Although an accurate record of all income and expenditures following some acceptable format is important, good financial management is much more than this. The essence of financial management is (1) planning, and (2) control-developing a budget (plan of income and expense) and establishing procedures to insure that expenses do not exceed budgeted amounts.

As a member of office of your chapter, here are a few things that you can do to increase the probability that your chapter will be financially stable:

1. Insist that a budget be established at the beginning of each school year and, possibly, modified at the end of each semester or quarter. A budget is simple to formulate and understand. (Income = number of men x \$ per quarterly semester; expenses are categorized by area - social, rush, etc.-and can't exceed the income available.) Yet, it is essential. The total of all budgeted expenditures should not exceed 90% of the projected income. At least 10% should be reserved for emergencies - over-estimated income, non-payment of dues by members, unexpected expenses, etc.
2. Require a written financial report from the Crysophylos periodically - at least once each quarter (three months). This report should show what income has been received and where the money has been spent, with the expenditures in each area being compared to the budgeted amounts. It is your money! You have a right to know how it's spent.
3. Make sure your chapter has some sound financial policies in these areas:
  - **Payment of dues:** A definite schedule for payment with stated grace period. All persons not paying by the end of the grace period lose all membership privileges until the dues are paid. You do your chapter and the individual involved a disservice by allowing him to enjoy the benefits of the fraternity without paying his fair share of the costs; this is poor training for the future-in both family and organization financial affairs.
  - **Budgeted Expenditures:** No committee or individual can spend more than the budgeted amount for his area unless someone else agrees to a reduction in the amount budgeted to them. It is the responsibility of the Crysophylos, through good record keeping, to make sure the budget is not exceeded.
4. Establish a Finance Committee composed of several people in the chapter to (a) help draw up the budget, (b) to formulate and enforce financial policies, and (c) offer advice on financial problems.
5. Involve the chapter's Board of Advisors. The Board of Advisors, often composed of businessmen knowledgeable in financial affairs, should be the chapter's watchdog in all financial matters by (a) approving the chapter's budget, (b) getting copies of all financial reports, (c) approving all expenditures for capital improvements (new furniture or equipment, repairs or remodeling of house, etc.), and (d) being consulted on all major financial problems.

All of these points are important, regardless of whether or not a chapter has a house. Obviously, these financial rules would be doubly important in situations where the chapter operated a house and/or kitchen in that amount of money being handled or managed would be considerably larger.

No organization that operates on a financial base (i.e., has to purchase goods and services for its members), whether it be a fraternity, a university, or a business firm, can survive without good financial management.