

TKE School of Financial Management

TABLE OF CONTENTS

SECTION

- 1: GETTING STARTED
- 2: COLLECTING DUES AND OTHER MONEY
- 3: THE CHAPTER BUDGET—YOUR KEY TO SUCCESS
- 4: THE IRS FORM 990, 990EZ, AND 990T
- 5: THE BALANCE SHEET, THE INCOME AND EXPENSE STATEMENT, AND THE ANNUAL REPORT
- 6: THE TEST

PREFACE

One of the most important chapter officers is the chapter Crysophylos. He is the key player in ensuring a smoothly run financial operation. This is a vital part of any successful chapter.

This handbook will serve several purposes. It contains useful information about chapter finances, collecting dues, budgeting, and financial reporting. The handbook also contains a supply of most of the necessary forms for chapter use for a complete school year. In addition, the handbook includes an "exam course" for the chapter Crysophylos. Upon successful completion of this course, you will earn a Certificate of Completion and Accreditation from the Executive Vice President of TKE.

SECTION ONE

GETTING STARTED

As Chapter Crysophylos, you have been entrusted with a very important responsibility—that of manning

the financial stability of your chapter.

THE MOST IMPORTANT DUTIES OF A CHAPTER CRY SOPHYLOS

1. Collect all accounts from members.
2. Adopt a realistic budget, approved by the Board of Advisors, and stick to it!
3. Monitor all expenditures to make sure that the chapter's money is being used wisely.
4. File all state, province, federal, and local tax reports where required by law.
5. File an Annual Report with the Offices of the Grand Chapter.

6. Send in all initiate, annual membership fees, and insurance to the Offices of the Grand Chapter on time!

This handbook has been designed to help you achieve these goals during your term as Crysophylos. The handbook has three components. The first is an explanation of the topic. The next is a completed sample of the form to be used along with blank samples. Last of all, there is a short test on the material covered in the handbook.

After you have completely read this guidebook, you will need to do the following tasks:

1. Set up a page in the Accounts Receivable Ledger for each initiated member.
2. Draw up a tentative budget. Submit it to the chapter and to the Board of Advisors for approval.
3. Set up a page in the Expense Account Ledger for each item on the expense section of the budget.
4. Issue a receipt form every time you receive money from a member.
5. File an Annual Report with the Offices of the Grand Chapter.

THE TKE FIDELITY BOND

One of the finest services offered your chapter is the \$10,000 fidelity bond.

While the loss of chapter funds due to misappropriation is rare, some chapters have been severely hurt by the fraudulent acts of their chapter Crysophylos.

The TKE Fidelity Bond was especially developed to meet the needs of TKE chapters. Your chapter is provided free of charge.

Following are some of the most commonly asked questions about the program and the answers to those questions.

- 1) Q. Our chapter is composed of a group of friends organized as a social fraternity. Why do we need fidelity or dishonesty insurance?
- A. For several reasons!

1. Experience has shown that in the past few years over 20 chapters have experienced losses of money from their chapter treasury through dishonest acts.
2. Most losses develop in groups where friendly associations continue over many years.
3. Suppliers of goods and services are more willing to do business with the chapter Crysophylos when they know he has bonding protection.

2) Q.Exactly what is meant by fidelity or dishonesty insurance and who does it cover?

A. This insurance provides a limit of \$10,000 per loss in the event of loss of chapter money or other property through the dishonesty of the chapter Crysophylos acting alone or in collusion.

3)Q. What is the coverage of this bond?

A. Coverage applies to dishonest acts committed by a chapter Crysophylos that result in loss of funds to the chapter or to the International Fraternity up to \$10,000.

4)Q.Are there any other provisions of the in bonding agreement?

A. Specifically, the insurance company agrees to indemnify your chapter and Tau Kappa Epsilon International Fraternity against any loss of money or other property which the chapter or the International Fraternity shall sustain (a) through any fraudulent or dishonest act or acts committed, or unauthorized advances for delinquent members for dues or allowances made, by a chapter Crysophylos,acting alone or in collusion with others, or (b) through the failure of a chapter Crysophylos to faithfully perform his duties as prescribed by the Constitution and Bylaws of Tau Kappa Epsilon Intl Fraternity, or through the inability of the chapter Crysophylos to comply with said Constitution and Bylaws because of said criminal act or acts committed by any person or persons other than the chapter Crysophylos covered under this bond.

5) Q.We are a new chapter with rather small assets. Why do we need \$10,000 protection?

A. Because of the difficulty in tailoring the amount of coverage to the assets of each individual chapter, the amount selected is an average, which will adequately protect practically all chapters and also make allowances for the growth of newer ones.

6) Q.If members other than the chapter Crysophylos handle the funds of the chapter, would it be to our advantage to buy fidelity bond independently from the TKE International Plan?

A. Yes. Anyone in the chapter who has the responsibility for the handling of the funds of the chapter should be bonded. Yet, the cost of bonding other members of the chapter may be expensive and should be checked into carefully prior to purchasing. Buying only \$1,000 protection as an individual chapter would cost about \$25. The coverage obtained through TKE International Fraternity will cost an individual chapter purchasing an independent bond considerably more and probably as high as \$250 per year.

7) Q.Is it necessary to report the name of the person holding the post of chapter Crysophylos?

A. No, coverage applies automatically to the frater holding that position.

8) Q. What should be done when you become aware of a loss?

A. The circumstances should be immediately reported to the Offices of the Grand Chapter so that they can report the loss to the insurance company. The Board of Advisors or the chapter officers should suspend the chapter Crysophylos until a full investigation has been conducted.

9) Q. What if the chapter Crysophylos asks for a chance to repay the amount of the loss?

A. The steps outlined in the previous question should still be followed in order not to jeopardize bond coverage for the loss or subsequent loss.

10) Q. Is our chapter required to make periodic audits of all accounts? Does this mean by a CPA?

A. Good business practice dictates that this is a sound idea. Complete audit must be made at least each 12 months. An Auditing Committee of the Board of Advisors will be satisfactory for an audit. The Board of Advisors shall make, or cause to be made, a careful investigation and audit of the books and accounts of the chapter at least once every 12 months.

11) Q. Will the chapter receive a copy from the insurance company of the policy?

A. No, the policy is given to Tau Kappa Epsilon International Fraternity, but each chapter in good standing is covered. A chapter in good standing is considered to be one that has not been declared dormant.

COLLECTING AND PAYING MEMBER INITIATION FEES

An important duty of the Crysophylos at each initiation ceremony is the collection of the Initiation Fee and the accurate completion of the TKE Membership Application.

The Initiation Fee must be collected from each candidate before the initiation ceremony. All Candidates should be informed of the Initiation Fee requirements early in the program. Do not initiate any candidate who has not paid the Initiation Fee.

WHAT TO DO . . .

1. Collect the Initiation Fee from each candidate for initiation.

2. Have each candidate complete an initiation form. Be sure that they type or print neatly. This information will become their permanent membership record. You might wish to provide a sample form as an example.

3. Sign each initiation form where indicated. Number each form in sequential order so that it matches the order on your chapter scroll. All numbers must be in sequence. **DO NOT SKIP NUMBERS.** Any gap in scroll number order will cause all processing to stop until the problem is solved, and all membership certificates and badges will be needlessly delayed.

4. Send all forms and fees to the Offices of the Grand Chapter immediately. The sooner the forms and fees are received, the quicker your new members will get their badges!

5. If your chapter has a processing problem, you will be notified by a post card, letter, e-mail message, or phone call. Please do not ignore these requests for information, as your members' membership materials cannot be ordered from the jeweler until all information is tendered.

The most common omissions from Membership Forms (Initiate Forms) are:

Initiation Date

Scroll Number

Social Security Number

FEES

Fee schedules are sent to each chapter in August/September of every year. If you have misplaced yours, please call Mike Mokros at the Offices of the Grand chapter for a replacement copy. Or he can be e-mailed at Mmokros@tkehq.org

Badge Guards are available at an additional charge. This piece of TKE jewelry attaches to your badge and helps prevent the loss of the badge should it fall off. It is available in all chapter designations and is highly recommended. To see one, please go to www.tke.org, and pull up "TKE Outfitters". You can conveniently order on-line!

AN INDIVIDUAL IS NOT LEGALLY A MEMBER OF TKE UNTIL HIS REGISTRATION FORM AND INITIATION FEE HAVE BEEN RECEIVED BY THE OFFICES OF THE GRAND CHAPTER.

HONORARY MEMBERS

The initiation of honorary members is one of the most tremendous opportunities available to your chapter. The Fraternity highly recommends this program to your chapter.

An honorary member of TKE has all of the privileges of membership in our Fraternity. He is initiated in the same manner as an undergraduate member, signs the chapter scroll, and is listed in the records at the Offices of the Grand Chapter, as is every Initiate.

To qualify for honorary membership, a chapter nominates an individual, and submits the nomination to the Executive Vice President for approval. A nominee may not be a member of another national social fraternity, or be an undergraduate student.

There are many men who would be eligible for honorary membership in TKE.

For example:

1. A male member of the college or university faculty.
2. Chapter Advisors or Board of Advisors members.
3. Fathers of undergraduate members. Some chapters initiate the father at the same time that the son is initiated.
4. Individuals who have rendered important services to the college or university, or to the community.
5. An individual who has rendered a special service to your chapter.

The benefits to your chapter are many. It is a good way to say "thank you" to someone who has helped your chapter. Initiating a father is a good way to allow both father and son to experience the bond of TKE. Honorary membership can also help Chapter Advisors and Board of Advisors members to gain further insight into your chapter and the spirit of our Fraternity.

As Crysophylos, initiation of honorary members is handled exactly as the initiation of undergraduate members. The only difference is that prior approval must be obtained from the Executive Vice President.

Part ONE: ANNUAL MEMBERSHIP FEE

Each member and candidate for membership of your chapter who returns to school this fall, is responsible for annual membership fee payment. (Except for those fraters who have already chosen and paid for the "One-time Fee" option. See the Chapter Membership Listing for more details.) Collect these fees from your members prior to September 30. Each Frater has two fee payment options.

Option 1: Single payment \$65 for the year, if paid by September 30.

Option 2: Split payment* *\$39 for the fall; the \$39 payment is due by September 30.

*\$39 for the spring; the second \$39 payment is due by February 28.

Part TWO: LIABILITY INSURANCE PROGRAM CALCULATION

Each chapter is responsible to have liability insurance coverage. Each member of your chapter returning to school this fall is included in the total number of men reported to our insurance carrier.

The insurance fees your members pay is determined by the premium billing from the broker and carrier. At the time of this printing, the fees for 1999-2000 were not yet determined by the insurers. The Offices of the Grand Chapter will mail you or fax to you upon request the current limits and fee information. When known, this also will be posted to the web site, but privately for YOUR EYES only.

COLLECTING DUES

Many chapters have problems with the collection of dues. Dues that are owed but not yet paid are known as Accounts Receivable. In this section, we will discuss the proper procedures for collecting dues and some methods and ideas to cure collection problems.

Accounts Receivable is like a contagious disease to your chapter. If left untreated, your chapter will soon be crippled or dead. It can be cured, but it is best to avoid the problem in the first place.

Here are two possible incentive plans that can help keep your Accounts Receivable to a minimum. It is strongly recommended that your chapter adopt one of these plans.

PLAN ONE:

THE DISCOUNT INCENTIVE PLAN

1. At the beginning of each term or semester, each member is given a bill for the total amount of dues for the term.

2. A deadline is set for the payment of dues in full (usually the third week of the term).
3. All members who pay all of their dues by the deadline are given a discount of a certain amount. (For example, if dues are \$200 per semester, all fraters who pay before the deadline could be given a discount of \$25.)
4. Any member who cannot pay all of his dues by the deadline must make at least a one-third payment by the deadline. The remaining two-thirds is divided into two equal installment payments, due at the first of each of the next two months.

Example: Jim J. is a member of a chapter whose dues are \$180 per semester. He must pay the Crysochylos at least \$60 before the end of the deadline. The remaining two-thirds (\$120) is due in two monthly installments of \$60 at the beginning of each of the next two months.

PLAN TWO:

THE PENALTY INCENTIVE PLAN

1. At the beginning of each term or semester, each member is given a bill for the total amount of dues for the term.
2. A deadline is set for payment of the dues in full for the term (again, usually the third week of the term).
3. Any member who does not pay all of his dues by the deadline is fined a specific amount (usually 5% to 10%).
4. For any member who does not pay in full, the total amount (dues plus fine) will be divided into three equal payments. The first payment will be due at the deadline that was set up as above. The remaining two payments will be due at the first of each of the next two months.

TKE chapters throughout the country have proven time and time again that these plans are the two best methods for keeping Accounts Receivable to a minimum. Both plans offer some type of incentive for fraters to pay their dues on time.

Billing dues on a monthly rate quadruples the effort needed to collect dues. Paying dues in full at the beginning of the term is simpler, easier to enforce, and puts chapter income in the bank as soon as possible.

Even with these plans in force, some members may still fall behind in paying dues. This is usually due to failure of the officers to enforce the penalties for non-payment of dues.

Your chapter should have specific rules as to the penalties for not paying dues. These penalties should include ALL of the following:

A member who is behind in dues . . .

. . . CANNOT play in intramural sports.

. . . CANNOT attend any social functions.

. . . CANNOT vote at meetings.

. . . CANNOT run for chapter office.

. . . CANNOT be a Big Brother.

These penalties should be a part of your chapter bylaws and should be enforced regularly and equally for every member, including officers.

NEED HELP COLLECTING?

Here are a few ideas that can be useful in collecting delinquent accounts.

1. Ask the member to stand before a chapter meeting and explain why he has not paid.
2. Require the member to appear before a Finance Committee or MQB to explain his delinquency.
3. Suspend some or all of his privileges as a member of TKE.
4. Request that he sign a promissory note.
5. Begin trial proceedings as outlined in the Black Book to remove his membership in the Fraternity.

THE ACCOUNTS RECEIVABLE LEDGER

The Accounts Receivable Ledger is a valuable accounting tool that lets you record all debt and payments of each individual member. Regular maintenance of these forms gives

you and the chapter an up-to-date record of all monies owed the chapter and who owes them.

An individual page is used for each member. Start a page for each member as soon as he is initiated.

Each time a member is CHARGED for something, such as dues, annual membership fees, insurance, Red Carnation Ball, etc., an entry is made on his account page. Every time he PAYS the chapter money, an entry is also made—this time in the CREDIT column.

WARNING . . . Every charge and credit should be entered IMMEDIATELY. Failure to keep the ledger current will cause major confusion and could cost the chapter a lot of money.

COLLECTING RENT (If Your Chapter Has a House)

For chapters with houses, the single largest source of income for the chapter is rent paid by the members who live in the chapter house. Failing to collect the rent is the quickest way for the chapter to get into debt. This can lead to the ultimate self-destruction of the chapter. Therefore, it is extremely important for the chapter to have a strict rent policy, and this policy must be enforced.

Encourage fraters to pay the semester or term rent in full at the beginning of the term. Both the Discount Incentive Plan and the Penalty Incentive Plan previously discussed can be useful.

The chapter's policy on rent payment should be similar to that used by the school for students living in residence halls. Most good policies require the following:

1. A deposit must be paid in advance to reserve the room.
2. A signed contract is required from the student.
3. The balance of rent due is paid at the beginning of the term.
4. Students must pay for any and all damages to their rooms.

Fraters who move into the chapter house for the first time must be required to pay a deposit. This deposit ensures that the student will make an effort to occupy the room that is reserved for him. It also ensures that any damage he incurs will be covered.

Signing a housing contract is a legally binding act that ensures the chapter that the frater plans to live in the house. The contract also legally obligates the frater to pay the rent on time. The housing contract (or lease agreement) protects both the frater and the chapter.

Due to the enormous expense in operating a chapter house, the chapter cannot afford for members to be late in paying their rent. Therefore, it is extremely valuable to collect the rent in advance when possible. Most schools require dorm rent to be paid at the beginning of the term—your chapter should expect no less. (It is easier to keep a non-paying member from moving into the house than it is to "kick him out"!)

Damages will occur in any chapter house. A pre-paid damage deposit makes it easy for the Crysophylos to collect for any damages. The deposit also serves as an incentive for the frater to treat the chapter house with care and respect.

A sample-housing contract is provided on the next page. It should serve as a model for your use in developing a good rent policy for your chapter.

CASH HANDLING TIPS . . .

Keep all chapter monies in a safe place at all times. There are several lockable fireproof cash boxes readily available on the market today. Some of these can be bolted down for extra security.

2. Deposit all cash and checks into the chapter bank account as soon as possible. This will prevent possible loss from theft and will make reconciling the bank statement much easier. Do not allow cash to accumulate in your cash box. Make those deposits! You are responsible for any losses due to your failure to make regular deposits.

RECEIPT FORMS

There are two reasons to use receipts. One, it provides the chapter and member with a written record of payments to the chapter. Two, the copies of each receipt are needed as a record of chapter income when preparing next year's budget.

NOTE: If you make a mistake in the Accounts Receivable Ledger, you can locate the error by cross-checking your receipts. Also encourage fraters to keep their receipts as proof of payment.

RECEIPT BOOK RULES

1. EVERY TIME money is received by the Crysophylos from anyone, whether cash or check, a receipt is written. This must be done in order for the receipts to balance with the Accounts Receivable Ledger.

2. Each receipt must be filled out completely and signed by the Crysophylos.
3. The TOP copy is given to the member making the payment. The BOTTOM copy is kept for the chapter's records.

Previously, the account of Frater David Dow was discussed. (See the explanation of the Accounts Receivable Ledger.) The two sample receipts represent the two payments that Frater Dow made to the chapter between August and October.

Each receipt is numbered consecutively as they are written by the Crysophylos. Frater Dow's receipts are not in consecutive order since many other fraters made payments during this time.

Note that each receipt is written clearly and that the amount of payment is written twice, just as on a check.

HELPFUL HINT . . . Keep all receipt copies in a file box, sorted by category, such as dues, rent, fines, etc. You will thank yourself at the end of the year!

SAMPLE RECEIPTS

THE CHAPTER BUDGET

Now that you've collected the money, your next duty is to see that all expenses are monitored and planned for in a way that the chapter does not spend more money than it collects. This section will show you how to manage those chapter expenses.

The most important tool in the management of expenses is the BUDGET. A budget is an educated estimate of the chapter's income for the school year and an expense plan for the spending of that estimated income. All successful TKE chapters have a budget.

The budget will reflect the goals and programs of the chapter through the allocation of specific amounts to specified areas of expense. This is often done as part of the chapter retreat. Once these allocations have been made, they are approved by the Board of Advisors. Once approved, these allocated amounts cannot be changed by the Crysophylos or the chapter without the further approval of the Board. Using funds for purchases other than those outlined in the budget is called misappropriation of funds, and is illegal.

Your chapter needs a budget whether it has a house or not. The chapter's expenses for the year reflect the chapter's needs and priorities, and a budget converts these priorities into dollars and cents.

A budget has two sections: the INCOME section, and the EXPENSE section. The estimated INCOME must always be greater than, or equal to, the estimated EXPENSE.

When estimating INCOME, it is best to be as CONSERVATIVE as possible. Overestimating income will cause the chapter to end the year in debt. It is better to underestimate income and end up with extra money at year-end.

The BUDGET is easy to prepare. First, use the sample budget form and last year's financial records to calculate what the chapter's expenses were in each of the areas listed. Compare these amounts with the total income expected for this year. If last year's expenses were higher than this year's estimated income, you've got a problem. Some of those expenses will have to be cut this year, or else more income will have to be raised. Eventually, you will want to formulate a budget allocation for each area listed.

It is best to estimate INCOME LOW and EXPENSES HIGH.

Another important safety feature is to set aside a 10% RESERVE of the total estimated income as a "cushion." This can save your budget from disaster if your income is actually lower or your expenses higher than expected.

The Crysophylos should prepare the first draft of the BUDGET. This BUDGET should then be reviewed and discussed by the chapter officers, and adjusted as needed. The revised draft should then be presented to the chapter for approval and further changes. Finally, the BUDGET is presented to the Board of Advisors for final approval. Once the Board has approved the BUDGET, a copy should be given to every member and officer. A copy should also be mailed to the Offices of the Grand Chapter.

Once the BUDGET is approved, the Crysophylos must monitor all expenses throughout the year and must constantly compare them with the budget. The Crysophylos must call the chapter's attention to any potential budget problems before they become major disasters. A system for doing this is covered later in this section.

WARNING . . . Once the budget is approved, the chapter cannot vote to spend money for items that are not listed in the budget, unless they provide for additional income to offset this cost (such as a dues increase or a special assessment). Likewise, they cannot exceed a budgeted expense amount without increasing income by the same amount.

BUDGET EXPENSE

ACCOUNT LEDGER

As discussed earlier, preparing a BUDGET is just part of your job as Crysophylos. Equally important is the MONITORING OF ALL EXPENSES. The Budget Expense Account Ledger will allow you to do that easily and quickly. It will provide you and the chapter with an up-to-date record of all expenses as they compare to the BUDGET.

In brief, here are the rules of the Budget Expense Account Ledger:

1. All items listed as expenses in the BUDGET are given an account number and a page in the Budgeted Expense Account Ledger.
2. The BEGINNING BALANCE for an account is the amount listed in the BUDGET.
3. EVERY check written on the chapter account must be recorded in ONE of the Budgeted Expense Account Ledger pages.
4. Every time a check is recorded, the amount is SUBTRACTED from the BALANCE REMAINING.
5. All chapter payments are made ONLY by CHECK.
6. At no time should the BALANCE REMAINING in any Budgeted Expense Account fall below ZERO. A ZERO amount means that all of the money budgeted for this account has been spent, and no more can be spent without an increase in income.

IF THE CRY SOPHYLOS COLLECTS THE INCOME AS OUTLINED IN THE BUDGET, AND IF HE DOES NOT ALLOW THE BALANCE REMAINING IN ANY ACCOUNT TO FALL BELOW ZERO, THE CHAPTER CAN REST ASSURED THAT IT WILL BE "IN THE BLACK" AT THE END OF THE SCHOOL YEAR!

SAMPLE LEDGER PAGES - are available from The Offices of the Grand Chapter.
Contact Todd Farmer at Tfarmer@tkehq.org

As mentioned earlier, it is very important to monitor the chapter budget as the school year progresses.

There are two important financial tools that will help you do this. One of these tools is called the INCOME AND EXPENSE STATEMENT. This document is a look at your chapter's "cash flow" as of the current month.

Another tool that will help you do this is the BALANCE SHEET. This document offers a complete "picture" of your chapter's current financial situation for any given month. At the end of each month, a BALANCE SHEET and an INCOME AND EXPENSE STATEMENT should be completed. A copy should be given to the Board of Advisors, and additional copies should be given to the chapter members to keep them informed as to the spending of their money.

THE INCOME AND EXPENSE STATEMENT

The INCOME AND EXPENSE STATEMENT is easy to complete. The categories are the same as those of the BUDGET that was completed at the beginning of the year. The main difference is that the amounts you will enter are the ACTUAL figures to date, instead of the planned amounts.

Before you can complete the INCOME AND EXPENSE STATEMENT, you will have to do a few preparatory steps.

1. Make sure all amounts have been posted in all of your INDIVIDUAL MEMBER ACCOUNTS RECEIVABLE LEDGERS and in your BUDGETED EXPENSE ACCOUNT LEDGERS. That is, be sure all members' accounts have been billed as they should be for the current period, and be sure that all other bills and payments have been entered into the proper account pages.
2. Add up the "Rent," "Dues," and "Miscellaneous" columns of each of the Individual Member Accounts Receivable Ledgers.
3. Subtract the current balance of each Budgeted Expense Account Ledger from the original Amount Budgeted. This will give you the amount spent to date for each category.

Now, you are ready to complete the INCOME AND EXPENSE STATEMENT.

A. INCOME: Add the "Rent" column totals from each of the Individual Member Accounts Receivable Ledgers. Enter this amount under the Rent category. Do the same for the Dues and Miscellaneous categories. Enter all fundraising money earned for the year so far, under the Fundraising category. The Interest Income year to date can be obtained from your last bank statement.

[NOTE: It is assumed that any Board (Commissary) payments have been received under the Rent or Miscellaneous columns on each INDIVIDUAL MEMBER ACCOUNTS RECEIVABLE LEDGER.]

B. EXPENSES: Enter the amount spent to date for each of the budget categories as obtained from the BUDGETED EXPENSE ACCOUNT LEDGERS. (See preparatory Step 3, above). [NOTE: Be sure that you are completing a Budget Expense Account Ledger for every different expense!]

C. Total the INCOME and EXPENSES columns.

D. Subtract the TOTAL EXPENSES from the TOTAL INCOME. Enter this amount as the GAIN (LOSS) ON OPERATIONS (Y-T-D). This figure will be later transferred to the BALANCE SHEET.

E. Send a copy of the INCOME AND EXPENSE STATEMENT to your Board of Advisors. You can also distribute copies to the chapter members so they can see how their money is being spent.

THE BALANCE SHEET

The Balance Sheet gets its name because the totals of two sections should be the same amount: they should "balance." One part of the Balance Sheet lists the ASSETS of the chapter; the other part lists the LIABILITIES of the chapter. Another section of the Balance Sheet is used to tabulate the current NET WORTH of the chapter.

ASSETS are defined as those items that have a value to the chapter. Assets include such items as Cash on Hand, cash in checking and savings accounts. LIABILITIES are those items that the chapter owes to others. Some examples of chapter liabilities are accounts payable and notes payable (money that the chapter has borrowed). Hopefully, the assets total more than the liabilities.

The difference between the assets and the liabilities is called the NET WORTH. If the assets are more than the liabilities, the result is a positive net worth. If liabilities are more than assets, this results in a negative net worth.

The MONTHLY BALANCE SHEET must be completed immediately following the end of the month being "balanced."

Here's how to complete the MONTHLY BALANCE SHEET. (NOTE: This is a simplified balance sheet, designed for easy use by fraters with no accounting experience.)

STEP ONE

The Balance Sheet is dated with the last day of the current month. (Obviously, the month must be over before you can complete a Balance Sheet for that month.)

STEP TWO

List all ASSETS in the correct manner.

Cash in Bank includes all checking and savings accounts.

Cash on Hand is money not yet deposited, and any petty cash fund.

Investments include any excess cash set aside by the chapter for the purpose of earning interest or dividends. This might include Certificates of Deposit, Mutual Funds, or other investment instruments. Do not include any money already included in checking and savings accounts!

Security Deposits are any deposits made by fraters on their room rental that are subject to return at the end of the term or semester. NOTE: It is assumed that Security Deposit money has been placed in a special investment account. Do not include this amount in the Investments account. If, for some reason, your security deposits are kept in your regular savings account, then you should not fill in an amount here.

Accounts Receivable is any monies owed to the chapter by anyone, mainly Fraters. Those less than a term old are considered "active." Any Accounts Receivable more than one term or semester old are considered "inactive." Calculate your Accounts Receivable by adding the "Balances Due" from each Individual Member Accounts Receivable Ledger.

Notes Receivable includes any Promissory Notes or "IOUs owed to the chapter by any Fraters. (These should be rarely used and only for special circumstances.)

Furniture and Fixtures includes tables, sofas, chairs, beds, desks, light fixtures, lamps, televisions, video equipment, major kitchen appliances, etc. Enter the original purchase price of the property.

Real Estate is the original purchase price of the chapter house and land. (Consult your Board of Advisors if you need more information.) NOTE: Other categories of ASSETS may be included as instructed by your Board of Advisors.

STEP THREE

Add up all of the ASSETS amounts and enter the total on the Total Assets line.

STEP FOUR

List all LIABILITIES in the correct manner: Accounts Payable are any bills that the chapter owes that are not yet paid (not including the house mortgage), such as an unpaid water bill or a "tab" with the local grocer. Security Deposits Payable includes all security deposit monies that will have to be returned to the Fraters at the end of the term/semester. This amount will not necessarily be the same as the amount of Security Deposits under the ASSETS section. (For example, if a frater damaged his room door and did not pay for it, the cost of the repair would be deducted from his Security Deposit and not returned to him.) Mortgage Payable is the amount still owed on the mortgage, or house loan.

STEP FIVE

Add up the LIABILITIES and enter the total on the Total Liabilities line.

STEP SIX

Complete the NET WORTH section.

Net Worth on _____: Enter the Total Net Worth from the previous YEAR.

Gain (Loss) on Operations (Y-T-D): Enter the profit or loss for this year to date. This figure is obtained from the INCOME AND EXPENSE STATEMENT.

TOTAL NET WORTH: Add the "Net Worth on _____" and the "Gain (Loss) on Operations" to get the Total Net Worth.

STEP SEVEN

Add the new TOTAL NET WORTH amount to the TOTAL LIABILITIES, and enter the total on the Total Liabilities and Net worth line.

The Total Liabilities and Net Worth amount should be exactly the same as the Total Assets. If the figures do not "balance," or match, an error has been made. Re-check your calculations.

STEP EIGHT

Send a copy of your MONTHLY BALANCE SHEET to your Board of Advisors. This will help them to help your chapter maintain a sound financial footing and to minimize potential losses.

Your chapter's Annual Report

Your Annual Report is a statement reflecting ALL phases of chapter operations, including:

Recruitment and Initiation results

Financial condition at close of business April 30

Campus activities, chapter activities, "brag points", accomplishments

Officer roster update and Advisory roster updates

Other information the chapter feels is pertinent

It is due into the Offices of the Grand Chapter on May 15 of each year, as per The Black Book.

Forms are mailed to each chapter in February of each year; or you may download it from the TKE web site for your convenience.