



Quarterly Update - Corporate Compliance Committee

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Major Accomplishments

GREEKBILL:

We have worked with greekbill to prioritize high-impact features and they have implemented them. These include:

- An improved process and information gathering for reinstatement of tax-exempt status with the IRS;
- A much more informative and actionable dashboard;
- Usability improvements to make the most common tasks considerably easier;
- A SigEp special monthly report including budget vs. actual, accounts receivable reporting and reconciliation reporting;
- Identifying and fixing a major bug in the aging report that could have resulted in unwarranted suspensions and expulsions;
- Making it possible for alumni who graduate owing money to pay through greekbill;
- Implementing a standardized all-greekbill-SigEp Membership Agreement;
- Pushing out several payment plan templates;
- Migrating to a SigEp-specific Chart of Accounts to make the reports conform to our budgets and chapter management structure;
- Discovering and fixing a lack of invoicing (has to be manually input by greekbill's Lory each year and wasn't done);
- Fixing the monthly invoicing emails to include balances due and to highlight what is past due;
- Moving to a more modern and SigEp-specific help system;
- Drafted a plan to have mySigEp roles be automatically reflected in greekbill access.

VPF TRAINING AND SUPPORT:

- We have created a monthly newsletter for VPFs, Mentors for Finance and AVC Treasurers and sent five issues (December through March).
- We have created and delivered a one-hour VPF kick-off to the 25% of VPFs who attended on February 5. We crammed what we could of the normal 10- to 12-hour session into it, but in a way that is less effective for the VPFs. For example, addressing issues with collections from seniors, a common problem, was one single sentence instead of a 20-minute interactive discussion. The next Monthly Executive Development has very limited signups and very limited content, so that is largely it for the year. (We strongly believe that having VPFs at Carlson's next year is the single most important thing that could be done to move many issues forward.)
- We have created new material for the VPF Resource page on sigep.org including:

- o Tax Compliance Best Practices video (posted)
- o Collections Best Practices video (posted)
- o Excerpts of the Grand Chapter Bylaws that a VPF needs to know document (posted)
- o Comprehensive Sample Membership Agreement (posted)
- Budgeting Best Practices video (script done, need to record).
- We also reviewed existing material and removed many dead links and added materials from last year's Zoom sessions as appropriate on the VPF Resource page.
- We have created new email drip campaigns for:
 - o Mentor for VPF (emails created in December; still needs to be operationalized)
 - o VPF (emails created in December; still needs to be operationalized).
- We have updated the Mentor for Finance position description and Monthly Topic Guide (posted). However, implementing the completed campaign to drive people there is now a year past the original target date of 2021-02-14.
- We have created, recorded, and posted a "SigEp 301" video usable by ANY volunteer who needs an overview of how chapters operate. (This was done so that new Mentors for Finance and new AVC Treasurers have a way to get up to speed.)
- Another chapter has had an embezzlement (this one is related to Venmo) and we are offering support.

COMPLIANCE:

- We have made extensive updates to the "SigEp Taxes FAQ" and, with the migration of the CIF, more rounds of revisions will be needed.
- Several chapters and AVCs have submitted requests for reinstatement of the tax-exempt status with the IRS, but there is a six-month backlog before they even open the application, so we are in a waiting game.
- We have provided support to many chapters and AVCs seeking reinstatement of their tax-exempt status with the IRS. This has been useful, but we still have too many instances where chapters or AVCs get stuck (perhaps they can't find their EIN; perhaps they can't create the required financial history), then go silent and eventually drop the effort without completing it.

Current Work

Priority 1

Description: GREEKBILL:

Support chapters in their adoption and proficient use of Greekbill and work with Greekbill to develop reports and functionality needed to accomplish this.

Impact: Chapters and AVCs need a tool to budget, report, manage their finances and collect money. We have partnered with greekbill to provide this.

When implemented, greekbill will provide:

- Monthly financial reporting (including budget vs actual; accounts receivable and monthly reconciliation with the bank account): This is important so that chapters meet their financial goals and stay within budget.
- Annual financials: This is important for audits, future budgeting, and tax filings.

- Improved rates of collection from brothers: This can help chapters recoup the costs of implementing greekbill and make sure they are able to pay their bills, including those from Headquarters.

Upcoming Milestones:

USABILITY (Features)

There's a usability milestone. To date, the committee has focused on this (while not ignoring the adoption milestone). The greekbill platform has improved in many respects since our last report. That said, much remains to be done in terms of fixing bugs, implementing enhancements and improving usability. It is still a very kludgy system to use at this point. To our knowledge, at this point we have only one chapter using it as envisioned and a handful of others who have even attempted to use it as intended. We track the open items in a spreadsheet and discuss with greekbill weekly.

ADOPTION (Chapters/AVCs)

There is also an adoption milestone. And here, there are two steps needed: 1) Get more chapters on greekbill and 2) Get chapters on greekbill using it more fully.

With respect to point 1, summer is the best time to migrate, so we can encourage it in the monthly newsletter. With the recent fixes, will plan a video or document to help non-greekbill chapters see the benefit. Other than the newsletter, we have no channel. We have probably picked up most of the low-hanging fruit with respect to chapter migrations. The percentage greekbill takes from income, particularly from e-checks, remains a formidable obstacle.

With respect to point 2, almost all chapters are currently using only the collections side. To achieve the first two benefits, we'll have to get chapters using the expense management side as well. We were largely blocked from efforts on that until very recently by lack of critical functionality and setup. Greekbill's SigEp specialist is working with chapters one-on-one to address this issue.

Priority 2

Description: VPF TRAINING & SUPPORT:

Develop a year-round training and support model for VPs of Finance & provide service in alignment with that support model.

Impact: A typical VPF is a 19- or 20-year old with little or no hands-on financial experience. They may be a business major, but, if so, they have yet to reach any relevant coursework. Many have never written or deposited a check. Yet, they are asked to run the financial operations of a chapter. A 90-man chapter with a 45-man house is a \$500K/year operation. There is MUCH a VPF needs to be taught.

For that matter, the typical AVC Treasurer or Mentor for Finance is only somewhat better. They MAY have some relevant hands-on experience from their careers. Most have absolutely no experience with nonprofit finances and tax filings.

We have left them to figure it out for themselves for too long. This has created a crisis in loss of IRS tax-exempt status. We haven't even started to look at similar state-level issues. It has and will continue to result in embezzlement, in poor decision making, in inability to pay bills from Headquarters and other creditors.

We have some time-tested training modules which we formerly delivered at the annual Carlson Leadership Academies, but even those were not enough...and for the last two years, we've

eliminated even those Carlson's session. You may know that, at Carlson's through 2020, we had the 10-12 hour class by the Co-Facilitators. But you may not know that we also had an underutilized parallel track where chapters could get one-on-one advice from experienced Mentors. We'd re-envision that to become a quick triage of the finances for any chapter or AVC present at Carlson's.

In addition, in the old model, there was little or no Headquarters support before and after Carlson's for a Vice President of Finance...and none for AVC Treasurers or Mentor's for finance. We have the monthly newsletter and e-mail drip campaigns designed for all three offices. We are also continuing to flesh out our training-on-demand modules on sigep.org and plan to use that with the Balanced Man App infrastructure to make sure that VPFs don't walk into future Carlson's cold. We also need the RDs to do a quick triage of chapter finances when they visit. There's a strong element in SigEp finances of people not knowing what it is that they don't know until it becomes too late.

Upcoming Milestones:

MYSIGEP FINANCIAL DASHBOARD

The Grand Chapter Bylaws require chapters and AVCs to send certain financial reports to Headquarters on a regular basis. We'd be in much better financial and compliance shape if most chapters and AVCs were doing as the bylaws require. Today, though, Headquarters has no place or system to store these and doesn't even ask for them. But a Financial Dashboard in mySigEp will solve that.

We'd like to see it initially include:

- Federal Employer Identification Number
- Fiscal Year End
- State ID# <optional; ideally something we could toggle on the back end by state; CA requires one, NV does not>
- Chapter or AVC Tax Status (Current/Revoked/Unknown)
- Chapter or AVC Debt Collection Service (Greekbill/LegFi/Other: Specify)
- (For Chapters only): Part of Group Exemption (Yes/No)
- Chapter or AVC Legal Entity Name
- Entity Founding Date
- Place to upload Taxes as they are filed (turns red if more than 365 days)
- Place to upload Annual Budget as they are created (turns red if more than 365 days)
- Place to upload Calendar annually (turns red if more than 365 days)
- Place to upload Audit as they are done (turns red if more than 365 days)
- Place to upload Bylaws annually (OK to upload last year's again if no changes; turns red if more than 365 days)

The uploads should store a copy in chapter's MySigEp and send a copy to a document repository so we have an archive that can't be accidentally deleted. There is work going on at ChapterSpot on a document repository in mySigEp.

This dashboard could be useful to DGs and RDs and should have a HQ/FinComp dashboard to identify which chapters need a reminder.

MORE TRAINING-ON-DEMAND MODULES

We have a roadmap for more training-on-demand modules with information unique to the VPF, Mentor for VPF and AVC Treasurer roles. Some will be short videos and some documents. And the ones that exist need to be updated as circumstances change. For example, the change in the CIF requires significant updates in several modules. There is valuable content hidden in the VPF facilitator's guide, for example, that we need to surface. It will never be as effective to TELL a VPF a best practice as to have them discover it on their own with their peers, but if a VPF has a particular problem and comes looking for information on it, they should be able to find something helpful.

CONTINUE MONTHLY NEWSLETTER

As we add more resources, how do we let people know when new modules come online? How do we address timely issues such as the recent changes in how the IRS requires reporting from Venmo et al? That's the role of the monthly newsletter.

Thus, we plan to continue the newsletters and use that content to build more training-on-demand modules. We hope that VPFs, Mentors for Finance and AVC Treasurers will feel increasingly comfortable reaching out for help by keeping this line of communications open.

REINSTATE BOTH VPF TRACKS AT CARLSON'S

This was discussed above. It is important. We should reinstitute the class track and enhance the triage/audit track. We should invite any Mentors for Finance who are able to attend Carlson's in the class track. VPFs won't walk in cold due to the BMP App modules.

MORE MENTORS FOR FINANCE

Our chapters that are well-run from a fiscal perspective have achieved it because of local mentorship, not because of support from the national fraternity. We can't leave the rest of them behind. If a chapter doesn't have a Mentor for Finance, we should recruit and train one.

RD FINANCIAL TRIAGE

We need better information on which chapters have financial problems. The RD (and for AVCs, the DG) can play a role in making sure that the mySigEp Financial Dashboard is kept up to date without needing to be an expert on finances.

Priority 3

Description: COMPLIANCE

Provide VPs of Finance and their respective AVCs guidance on compliance (the completion and filing of proper 990 and 1024 [if necessary] forms, including any state-by-state requirements)

Impact: We are allowed to continue to operate — and without paying taxes. We retain the SigEp group exemption with the IRS.

Upcoming Milestones:

GUIDANCE

First, a bit of background: The IRS Form 1024 is the form to establish or reestablish tax-exempt status with the IRs. The IRS Form 990 (which comes in several flavors) is the annual filing necessary to keep that status.

The guidance on 1024s is done. As we gain more experience using it, it will evolve. The IRS changed the 1024 on 2022-01-03 and we have had to redo some work to accommodate and address new issues raised by the new form. The IRS has abandoned their data set on AWS and greekbill is trying to figure out how to regain visibility into chapter filings. We do not have any visibility into AVC filings. SigEp HQ remains in significant danger of losing our group tax-exempt status.

The guidance on Form 990 is partly in the form of the greekbill tax wizard (which greekbill will open to non-greekbill chapters). But we can also post sample 990Ns, 990EZs and full 990s. If a chapter or AVC does monthly financial reports, filing is fairly easy. (That is one part of why it is so important to get chapters and AVCs doing these consistently.)

REINSTATEMENT SUPPORT

The wording of the charge to FinComp envisioned that having guidance would be sufficient. We are finding that it is not. Most chapters and AVCs start down the reinstatement path and get stuck. Some get stuck when they try to find their EINs Some get stuck when they try to come up with the required financial history. Some get stuck with trying to come up with the hefty fees being charged by greekbill for reinstatement. We are piloting case-based support of a few chapters who need to get reinstated to learn what help is most effective. This is one place where an HQ position, supported by RDs in the field, will likely be required to move the needle. Reinstating and enhancing the audit/triage track at Carlson's would also have a positive impact.

It doesn't help that the IRS has a many-month backup on processing reinstatement requests. At the time of writing this (2022-03-17), the IRS is opening 1024 applications postmarked 2021-07-09.

STATE COMPLIANCE

The State of California (at least) seems to be ratcheting up enforcement. We had had state compliance on a back burner while we focused on IRS compliance, but that may no longer be tenable. This one is challenging because it is not easy to find out what a particular state requires for a fraternity chapter or AVC [exempt under IRS Code 501(c)7] as opposed to a general charity [exempt under IRS Code 501(c)3].