

Skills and Concepts

Introduction

This document outlines the most important skills and concepts that will be necessary for success in your role as the vice president of finance (VPF):

Important Skills

Setting strategic priorities and saying “no”

Role: Chief financial officer

Responsibility: Set the chapter’s financial priorities and make strategic decisions about the allocation and management of resources.

Purpose: Finance makes or breaks a chapter. Where money is spent corresponds to what the chapter values most about the experience. Great financial management and strategic priority-setting will set the chapter on a trajectory for success throughout the year.

How to:

- **Create an annual budget early:** Being ahead of the game is the only way to be successful. Accurately estimating expenses and revenues will allow you to know what financial resources the chapter will have, and you can plan accordingly.
- **Ask good questions:** When setting the budget, force the vice presidents to defend their expenditures and how they align with the current values and priorities of the chapter.
- **Plan for the unexpected:** There will always be a risk of something going wrong. Prepare for these unexpected issues by budgeting conservatively and making allowances for unexpected issues.
- **Say “no”:** This is one of the hardest parts of this role – however, it is necessary when the resources are simply not there to do what you may want, even if it is a good idea. Furthermore, this will be necessary to put a stop to bad ideas and things that do not align with the principles or policies of the Fraternity.

Managing your committee

Role: Finance committee chairman

Responsibility: Work with and manage all members of the committee.

Purpose: Ensure the chapter’s finances are well managed and support the priorities of the chapter.

How to: There are several different management styles and integral parts to being an effective manager. For your role as the VPF, some of these management skills will be more important than others. Here are the four steps that should guide your management of the finance committee.

- **Lead by example:** To set the tone for your committee, you should exemplify the characteristics that you want them to embody: timeliness, organization, follow

through, etc.

- **Communicate:** Be clear in setting specific expectations and deadlines for the committee, reply to emails/calls quickly, and ensure that you listen to the ideas, needs, and feedback of each committee member.
- **Empower your committee members:** Make sure to give praise and encouragement to each member and provide constructive feedback when necessary.
- **Management balance:** Finding a balance between autonomy and accountability will be essential for your management of each person. Some will need more check-ins and structured oversight than others. Work with each brother and have candid conversations to find what works best for them.

Chapter financial management

Role: Controller

Responsibility: Set and manage the chapter's financial activities throughout the year.

Purpose: A well-planned and prioritized budget is the first step, but is only effective if that budget is monitored and followed. This means keeping track of all expenses and revenues and comparing the actual expenditures and revenues to the budgeted amounts in at least monthly financial reports.

How to: You don't have to be an accounting or finance major to be effective in this role. You do have to be judicious and organized in your record-keeping and expect the same from others.

- **Keep a paper trail:** Any expense or revenue should have some sort of paper trail to accompany it. This means receipts for every expense, deposit records, bank statements, and not taking cash for anything.
- **Utilize appropriate tools and technology:** There are several products out there that are perfectly suited to assist in the management of your finances that come at a range of prices. Tools like those offered by [greekbill](#), QuickBooks or LegFi are good examples and offer a range of functionality. SigEp recommends you use greekbill's tools, but that decision is up to you and what works for your chapter both financially and logistically. The important takeaway is that for every good tool, there are several bad ones and those vary with chapter needs. Work with your mentor for finance and AVC to determine which route to take with your financial management tools.
- **Demand record-keeping from others:** No expense should be incurred without prior approval from you or the chapter president, and hopefully both. Require expense requests and utilize reimbursement forms. Ensure that receipts are kept if someone is spending chapter funds. Examples of these forms can be found on the [vice president of finance resource page](#).

Clear communication

Role: Financial reporter

Responsibility: Communicate the current financial state to key stakeholders and communicate how the financial investment of members is being used to fund their

experience.

Purpose: A clear understanding of the chapter's finances and the importance of members' financial investment is essential to not only smooth operations, but easy collections. When members understand where their money goes and how it funds their experience, collections become much simpler.

How to:

- **Don't get lost in the details:** Your audience likely isn't full of finance and accounting majors. Make sure you explain things in a clear and transparent manner. If something is nearly impossible to explain, you should re-examine it to see if there is a problem with your finances that needs to be solved.
- **Consistency and transparency are key:** Regular reporting on a predetermined schedule will let people know there is no funny business going on. Transparency is important to ensure stakeholders understand how their money is being spent, you are keeping up with your responsibilities as the vice president of finance, and that the chapter is stable and in good financial position. This transparency impacts collections as well as perception of the chapter's operations.

Important Concepts

Financial commitments are an expectation, not an option.

- Why it's important: Having a successful chapter that provides members with a great experience costs money. It is an expectation of everyone in the chapter to pay their share — regardless of year in college, challenge or position. Everyone having to pay means collective ownership of the experience and equal footing for all brothers. **This goes back to the Balanced Man Program philosophy of equal rights and responsibilities.**
- Explanation: Every brother should be expected to pay their part at the same time every term. There can be exceptions to this based on when individuals join the chapter, but the idea is that there is an equal expectation to pay among all brothers. **This can and should be enforced through using a membership agreement every semester.** The VPF should walk through the dues and the financial expectations outlined in the membership agreement before the semester starts to ensure there are no questions and everyone understands and is prepared to meet expectations. This will ensure everyone is not only aware of, but also bought into, this concept and will hold themselves and one another accountable.

An annual budget is crucial.

- Why it's important: "If you fail to plan, you plan to fail." Even if it's a cliché, it's true. **Failing to compile an accurate budget each year will put the chapter in a difficult position financially.** It can lead to financial mismanagement, debt and other consequences. On the flip side, a well set and managed budget can enable the chapter to do even more and make your life as VPF that much easier.
- Explanation: Budgeting is simple and follows five basic steps. There is a *Sample Chapter*

Budget included on the [vice president of finance resource page](#) and [mySigEp](#).

1. **Identify revenue:** How many members do you have? How many new members do you expect? How much are your dues? Those are the questions that will allow you to calculate revenue.
2. **Take out 10 percent:** We recommend budgeting for 90 percent collections. This is covered in more detail later in this section.
3. **Pay yourself first:** Setting aside a percentage for savings is both a best practice for chapter and personal budgets to ensure savings for a rainy day and a contingency against unexpected expenses. If you find that your chapter owes money to the national fraternity, your college campus, or any other group, savings are no less important, but should take a backseat to getting current with your bills.
4. **Identify expenses:** Expenses come in two forms: fixed and variable. Fixed expenses are set and don't change. Things like your operating bill, rent, utilities are fixed expenses. Start with those because they don't go away. Variable expenses are up to your control. This includes things like the recruitment budget or how much to spend on T-shirts. These expenses are what the VPF needs to manage.

Work with each vice president to set their budget based on what they want to do for the next academic year. The chapter's needs and goals change, and the budget must support the current needs and goals, not last year's. This should be detailed with a dollar amount for every activity and line item. If the documentation given is specific, the budget will be more accurate. Have conversations around each position's budget and dive into the details of their needs.

Buchanan Cup Tip: Buchanan Cup application reviewers look to see how a chapter allocates their budget. A best practice is to allocate a significant portion of your budget to recruitment and membership development — which includes sending members to national leadership events, including the Carlson Leadership Academy, Life After College, Grand Chapter Conclave, etc. Not every chapter can afford to subsidize attendance at events and that's OK!

If you just have enough money for your fixed expenses, your dues are too low. Lack of money for variable expenses will negatively impact both recruiting and retention.

5. **Review and finalize:** Once the expenses are set, compare them to the revenues and revise as necessary. Do the expenses position the chapter for success in accomplishing the chapter's goals for the year? Look at the history — is anything missing? Do expenses outweigh revenue? Make cuts if necessary and think through what is most important and cannot be cut, where you can scale back expenses, and / or how to increase revenue. **Remember: recruitment is the best fundraiser!**

Once you have finalized your budget, submit it on mySigEp through the finance dashboard to fulfill the annual requirement (*Grand Chapter Bylaws; Administrative Policies and Procedures Section 2, A, iv*).

Purpose of Saving.

- Why it's important: Savings can make the difference as to whether the chapter survives a “bump in the road.” **When you have savings matching a full year of expenses, your chapter will be well positioned for when things go bump in the night.** COVID-19 wasn't the first financially stressful event for chapters across the nation, and it won't be the last. If you have no savings, consider starting with a goal to set aside 10% this year — and continue until you get to 100%. Have the AVC hold these emergency savings.
- Explanation: **The challenge can be externally driven, like COVID-19, or internal, like recruitment doesn't go well.** Either can cause a budget shortfall. Savings is a helpful cushion so the chapter doesn't have to panic over expenses and can continue to operate without overspending.

Dues are due on the first day of the semester.

- Why it's important: You need money to be able to provide a membership experience, and it is not a good practice to be operating behind your revenue cycle. This means that you should make sure you have money coming in the door before you have money going out.
- Explanation: Many chapters send out bills when the semester starts and give members 30 days to pay those bills. Add on another 30 days before some members get around to paying, plus those individuals on payment plans, and now we're over halfway through the semester before a majority of your revenue has come in. **On the flip side, most of your expenses are probably going to be related to recruitment, the bills from Headquarters or events happening within the first half of a semester. Chapters on a quarterly schedule especially need to budget for the entire academic year.** Our expenses are front-loaded. That means our revenues must match. Not doing this creates a cash-flow problem — bills to pay and no money to pay them with. The time-proven way to prevent this is to send out bills at least 30 days before the semester begins and have them due on the first day of the semester. This means that you will have the money you need early in the semester and not be waiting on brothers to pay in order to pay bills. This also makes the 30/60 policy much more effective. This schedule is outlined in the planning section below.

Use and enforce the 30/60 policy.

- Why it's important: Ensuring members pay on time and are held accountable to that schedule is incredibly important and something many chapters struggle with. The Grand Chapter has created a time-tested policy in the bylaws that helps chapters in this area. At 30 days late, members who do not pay are automatically suspended. At 60 days late, members who do not pay are automatically expelled. **Download *Bylaws Most Relevant to Vice Presidents of Finance* from [mySigEp](#) or the [vice president of finance resource page](#).**

- Explanation: You sent the bills out 30 days in advance of the first day of classes and they are due on that first day of classes. Most members pay or sign up for a *payment plan*. But a few do nothing. You approach them one on one and still no luck. At 30 days, the bylaws suspend them from activities. Since the bills were due on the first day of classes, there is still most of the term left, and a suspension at that point is effective in getting the vast majority to pay. **Having the dues bill due on the first day of classes is the key to being effective with the 30/60 policy.**

Budget for 90 percent of collections.

- Why it's important: **Everything doesn't always go according to plan.** For this reason, we should budget accordingly. The most common practice to do this is when it comes to collections. We recommend that chapters budget for 90% of collections.
- Explanation: Let's say we have 100 members in the chapter including new members we plan to recruit. Budget to collect dues from 90 of those members. Why? There are many factors that are not guaranteed in budgeting: recruitment could go poorly, members leave the chapter, or some members don't pay and are expelled. Budgeting for these unexpected scenarios helps you protect against painful deficits.

You can also review your chapter's dashboard on mySigEp to understand retention / attrition numbers to make an informed decision.

Comparing budget vs. actual in monthly financial reports.

- Why it's important: A great annual budget is necessary but not sufficient for good financial oversight. **The other critical piece is comparing that budget to actual expenses in a monthly financial report.** This enables you to keep a close eye on how the chapter is doing relative to the plan and to adjust expenses accordingly to come in on budget.
- Explanation: **A good financial tool will help you do a monthly report effectively.** A *Sample Monthly Report* is included on [mySigEp](#) under resources -> chapter finances or the [vice president of finance resource page](#). This requires all expenses to be captured in your financial records. Whether that means entering them in greekbill or QuickBooks, this is critical to be able to compare expenses effectively. It is crucial that the financial reports accurately reflect the reality shown in the bank statements. This process is called "reconciliation" and should be done monthly.

Use payment plans sparingly.

- Why it's important: Stuff happens. Especially with students in college who are largely managing their own finances for the first time. **We want to set clear expectations, but also have methods of accommodating extenuating circumstances.** We can't just say "pay me whenever." Not only is this unfair to those that pay on time in full, but also sets a precedent with that individual that they can just pay at their leisure and it isn't that important. Paying on time is extremely important.
- Explanation: Aim for as few payment plans as possible and all payment plans must be in

writing (digital is fine). **Have a nominal fee (e.g., \$10) for the payment plan to make sure it is only used by those who need it. And have the final payment due by midterms.**

Another key with payment plans is they are finalized before the money was originally due. This means that brothers need to notify you before the due date that they need a payment plan. If they come to you after the due date and are late, then they are subject to the 30/60 rule like everyone else. Payment plans should be an exception. If there is one brother who is always on a payment plan, that is a great opportunity to coach him on financial management so he can begin meeting his financial commitments on time. There is a *Sample Promissory Note* (i.e., a payment plan) on [mySigEp](#) and the [vice president of finance resource page](#).

File your taxes.

- Why it's important: Because every undergraduate chapter should be registered with the IRS as a not-for-profit unincorporated association and every AVC is registered as a not-for-profit corporation, **both entities need to separately file taxes with the IRS each year using Form 990**. While a chapter or AVC doesn't usually have to pay taxes, both still need to file annually to maintain tax-exempt status.
- Explanation: There are some specific steps involved in this process and more information than can be covered here. Please check out the [Chapter and AVC Taxes FAQ](#) on the SigEp website for all the information you need. If your chapter has not filed taxes in a while and you believe you have lost your tax-exempt status, please review the [Tax Exemption Reinstatement Process document](#) to regain your status. Additionally, [SigEp's Finance Consultant](#) is available to assist you.

Plan for fixed expenses

- Why it's important: Some expenses happen every year or semester and can be calculated reliably in advance. These are our fixed expenses. **Plan for these fixed, recurring expenses every semester to avoid surprises.**
- Explanation: You always pay a fall and spring bill. You may also pay IFC dues and accounting system fees. These types of expenses are often overlooked and not budgeted for, causing other expenses to be cut or a scramble to figure out how to cover them. **Budget for the things that always occur and that you can expect.** This is a common misstep of chapters and often results in financial woes — and can be easily prevented.

Set your dues in the top quartile on campus.

- Why it's important: Chapters want to get the amount they charge for dues right. More chapters are on the too-low side than the too-high side. But both ends of the spectrum have issues. Set dues too high, and recruitment and retention become a problem. Set them too low and recruitment and retention are also problems. **Find the sweet spot, which is usually in the top quartile of what other fraternities on campus are charging.** You can't have the best programming if you've got significantly less money for your programs compared to other chapters. Raising dues annually by a small percentage helps to prevent large jumps in costs over the years. Some chapters find an annual increase of

3% to be helpful in keeping up with inflation and avoiding large jumps in costs. Meet with your mentor for finance to figure out what is best for your chapter.

- Explanation: Fixed costs are subject to increase over time. Insurance rates change, inflation takes its toll and suddenly your fixed costs account for 80% of your budget. This leads to a decrease in funds for recruitment, member development and other programming. If you think of the chapter like a car, making your monthly payments to keep the car is a must for ownership. But if you can't afford to fuel the vehicle, why own it? Steady increases in dues allows for the chapter to keep the car and take it out for a drive when you want.

A Year in the Life

As the vice president of finance, you have many things to keep on your radar throughout the year. Here is a snapshot that can serve as a reminder and help you frame when specific tasks are completed over the course of an academic year. (This list assumes a semester-system campus that elects officers in November. Adjust as needed for your campus.)

Task	Timeline
Elections	Late November
Study committee structure and appoint committee members.	Early December
Review SigEp's member safety policies , the vice president of finance resource page , chapter financial records and the tools on mySigEp.org (especially the Statement and the Financial Dashboard).	Early December
Meet with the previous vice president of finance and begin the transition.	Early December
Attend executive committee transition retreat.	Mid-December
Make sure upcoming year's major finance milestones are on the chapter calendar.	Mid-December
Review the inherited annual chapter budget and make any necessary updates.	Mid-December
Set and review goals with each committee member.	Winter break
Create and send all chapter bills to members with the due date being the beginning of the semester.	Winter break
Collect all chapter dues.	First day of spring semester

Pay Spring Insurance and Member Safety Bill	February 10
Finalize an annual budget for the upcoming academic year and submit a copy to Headquarters via mySigEp.	May 1 (required for all chapters)
Create and send all chapter bills to members with the due date being the beginning of the semester.	Prior to fall semester
Collect all chapter dues	First day of fall semester
Pay Fall Programs and Services Bill	October 10
Meet with the finance committee.	Weekly
Update chapter calendar in consultation with executive committee and the rest of chapter.	Continuously

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Update the chapter's financial tools with expenses and revenues and monitor chapter bank accounts.	Continuously
Meet with and begin preparing possible successors.	Continuously
Report on the chapter's finances at weekly chapter meetings, including collections and upcoming expenses and deadlines.	Continuously
Insure any Lifetime Membership Fees for new members are paid to the Fraternity	Continuously
Prepare and submit an annual financial review of the chapter's finances. There is a template on the vice president of finance resource page.	Early November
Meet with the next vice president of finance and begin the transition.	Early December
Transition all documents, accounts and banking information.	Mid-December
Attend executive transition retreat.	Mid-December

