

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:

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 calculating 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 will be necessary to put a stop to bad ideas and things that do not align with the principles or policies of the Fraternity. This is also necessary when the resources are simply not there to do what you may want, even if it is a good idea. It’s a tough job, but it’s one you must do.

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 a number of different management styles and integral parts to being an effective manager. For your role as the vice president of finance, 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 individual. Some individuals 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. 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. The important take-away is that for every good tool, there are several bad ones. Word/Docs and Excel/Sheets documents might seem effective, but are not ideal for the level of financial record-keeping necessary. Why reinvent the wheel?
- **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. It is also an expectation.

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 that 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 a good financial position. This transparency impacts collections as well as perception of the chapter's operations.

Personal financial management

Role: Financial mentor

Responsibility: Provide financial mentoring and support to chapter members.

Purpose: Because of your position, you will need to be a resource and guide to chapter members on their own financial management. This will ensure that they have sound financial operations, meaning they will be able to pay chapter bills on time.

How to:

- **Have your own finances in order:** Budgeting isn't just for chapters. Have your own personal budget and serve as an example, paying dues and other fees on time.
- **Be approachable about finances and sensitive to their situation:** Everyone comes from a different background and has a different situation. This means they have more or less financial resources than others. Be sure to be up front with new members about the financial obligations of membership and be approachable if they have concerns.
- **Payment plans can help:** If occasional situations arise that prohibit a member from being able to pay, work with that member to get them on a written payment plan and help them set up a plan to pay reliably in the future.

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 grade, challenge or position. Everyone having to pay means a 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 the same amount 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 vice president of finance 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 vice president of finance 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](#).
 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**: Set aside a percentage for savings. This is both a best practice for chapter and personal budgets to ensure savings for a rainy day and a contingency against unexpected expenses. Make this the first check you write each month.
 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 vice president of finance 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. Don't let them just give you a lump sum dollar amount for activities or their area.
 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 can we scale back expenses? If we can't cut expenses, how do we increase revenue? Remember, recruitment is the best fundraiser!

Pay yourself first

- Why it's important: Savings can make the difference as to whether the chapter survives a "bump in the road." There will be unexpected expenses, or maybe you need to save for the future. **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, and it won't be the last. If you have no savings, consider starting with a goal to set aside 10% this year. 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, the majority 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.** So 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 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 magic that makes this all work so well.**

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 percent of collections.
- Explanation: Let's say we have 100 members in the chapter, including the new members we plan to recruit. Budget to collect dues from only 90 of those members. Why? **Being wise here can save you later in case recruitment goes poorly, members leave the chapter, or some members just don't pay and are expelled.** Budgeting for these unexpected scenarios helps you protect against painful deficits.

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: **Every decent financial tool will help you do a monthly report effectively.** A *Sample Monthly Report* is included on 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 only one payment plan 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.** Only having one plan means less for you to manage and keep track of. Another key with

payment plans is they are not a reactive solution. This means that brothers need to notify you well 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 not be a regular occurrence. 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 the [vice president of finance resource page](#).

File your taxes

- Why it's important: Because every undergraduate chapter is 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 that can be covered here. Please check out the [Chapter and AVC Taxes FAQ](#) on sigep.org 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 use the resources on [this page](#) to regain your status. If you need help, reach out.

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 guess what, 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. Pro-tip: Raise dues each fall by 3%. Small increases like that are easier than leaving it until it becomes an emergency requiring a 30% jump.

- Explanation: Don't let your fixed expenses starve out your variable expenses. Chapter finances have significant fixed costs (bills from Headquarters, the IFC, etc). **The activities that make being in a chapter fun and rewarding can be starved out by dues that are too low.** These variable expenses fund things like recruitment, membership development and programming. Think of it this way: When you get a car, you should budget for the payments, the insurance and gas. The payments and insurance are your fixed costs. The gas is your variable cost. But if you don't have enough money for gas — to actually drive the car — what good is it to you to pay the car payments and insurance?

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. Adjust as needed for a quarter-system 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 .	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
Finalize an annual budget for the upcoming academic year and submit a copy to Headquarters.	Early May
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
Meet with the finance committee.	Weekly
Update chapter calendar in consultation with executive committee and the rest of chapter.	Continuously

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
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