

FINANCIAL HEALTH 101

CHAPTER FINANCES

WHAT IS THIS?

Financial Health is a term used to describe an organization's financial standing. This takes into account the amount of assets you own, how much revenue you make, and how much you are spending on recurring or special expenses.

GETTING STARTED

Before you start spending your organization's money on social events and bonding activities, check with your inter/national headquarters or advisors. Most organizations have tools and resources to help their collegiate chapters manage their finances. Some even have specific rules and regulations you may need to follow.

FIND A BUDGETING PLATFORM to help keep your finances organized. There are hundreds of platforms in use to help you organize finances; spend some time researching which platform will work best for you. The listed websites below are some examples of sites specifically for fraternities and sororities to help set budgets, track member payments, and record spending.

- BillHighway
- Greek Capital Management
- OmegaFi
- GreekBill

MAKING A BUDGET

You should maintain a budget PER SEMESTER for your organization. Keeping track of yearly expenses can be overwhelming, and some revenue sources or expenditures may only apply to part of the year so budgeting out per semester is the best way to go.

There will be two main categories for your budget: Revenue and Expenses.

REVENUE may include:

- Member dues
- Alumni donations
- Resources from Headquarters
- Fines (if applicable)
- Resources from Texas Tech University

EXPENSES may include:

- Social & Philanthropy events
- Lodge bills
- Tax & Insurance
- Donations
- Unexpected charges

There may be other sources of revenue & expenses that apply specifically to your organization. Sit down with your advisors and Executive Council to review what should be included. Each of these areas can be expanded upon in more detail.

CHAPTER DUES

Dues from your members are the most consistent way your organization will collect revenue to spend throughout the school year. Organizing a plan early on that outlines how to pay dues, deadlines, total cost, and penalties will help keep you on track for the year. Review with your advisors and Executive Council any inter/national policies or procedures your Headquarters may have in place for collecting and managing dues. If there are none in place, create your own!

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Communicate the following with your members about their dues:

- Total cost (per semester & year)
- Payment Plan options
- Late fees & penalties
- What exactly their dues pay for
- Expectations of payment
- How to pay dues
- Who to contact if there are issues/questions
- Difference between one-time fees and recurring dues
- Explanation if dues are all-inclusive or if members may need to pay for additional items out-of-pocket

BOOKKEEPING

Keeping a detailed record of your transactions is vital in maintaining good financial health. Every time you purchase an item using your organization's money, you need to enter it into your budget under its proper category. This way you will be able to see if you are keeping to your set budget, if you have extra money in savings, or if you have spent more than you have.

WHAT NOT TO DO

DO NOT ACCEPT CASH. When members pay dues they need to be in check, money order, or card format and paid directly to the organization. "Passing the hat" or collecting cash from members that is then used in programming or social events is a misuse of funds. Organizations can get into serious trouble if they are accepting cash to pay for events.

DO NOT SIGN CONTRACTS WITHOUT REVIEW. Any time you work with vendors or venues, be sure to review the contract in detail. Fees and penalties may be riddled throughout the contract that you are unaware of, placing your organization in a vulnerable place financially should the contract be broken. Review the contract with your advisors or with the free legal help from Tech.

DO NOT IGNORE YOUR BYLAWS. Check your local organization's bylaws and review if you already have policy in place when it comes to your finances. Check with your regional and inter/national offices to see if they have specific regulations you need to follow. Not aligning with policies already in place could result in negative consequences for your organization.