Leading with Financial Finesse

Workshop Objectives

- Understand the importance of a Chapter's Financial Fitness
- Discuss how to be efficient in the planning, handling, and reporting of chapter's finances
- Review responsibilities of chapter's financial officers
- Answer questions

Financial Essentials

Guide to Financial Procedures

- The Fiscal Fitness Guide to Chapter Financial Procedures has been updated, the most current revision is dated November 2013
- This is an essential document to ensure your chapter is following the correct financial procedures
- You can purchase this for $10 at the AKA Store online or in the vendor's area

Updates

- IRS Inquires / Correspondence (page 19)
  - Send to Corporate Office immediately
  - Corporate office handles on behalf of the chapter
- Forms
  - All yearend forms must be filed electronically
- Bank Cards
  - Credit cards are authorized (page 7)
  - Debit cards are not authorized
  - Credit card usage requires the same internal controls as with check disbursements

Financial Essentials

Alpha Kappa Alpha's Fiscal Year

Dues & Assessments

- Dues & assessments are due & payable January 1st and subject to a 10% fine, if postmarked after February 1st
- All local dues and obligations should be collected prior to submitting per capita for individual sorors
Fee Assessments

Chapter Tax
- Each chapter pays an annual fee submitted with the 1st remittance of per capita tax
- Chapters that are suspended are required to pay chapter tax

Per Capita
- Each chapter member pays an annual per capita tax

Reactivation
- A soror who has not been financial must pay the current reactivation fee plus all former indebtedness to the Sorority

COIP
- New members and sorors who are reactivating and have not previously paid the Corporate Office Improvement Plan (COIP) must remit the current COIP assessment

Sorors transferring chapters must complete the Transfer Verification Form. The form verifies the soror has met all financial obligations of the former chapter & Corporate Office.

Financial Procedures

Handling Funds
- Establish a separation of duties

Recommended Financial Officers
- Pecunious Grammateus (Financial Secretary)
- Tamiouchos (Treasurer)

Recommended Financial Officers Background
- Basic bookkeeping and accounting skills
- Honesty / Integrity / Punctuality / Accuracy

Income
- Pecunious Grammateus
  - Receives all funds
  - Issues a receipt identifying source of funds
  - Turns funds over to Tamiouchos within 5-7 business days

Tamiouchos
- Deposits all funds received into the chapter bank account
- Deposits should be made within 5-7 business days

Expenditures
- Chapter expenditures must be authorized
- Vouchers are required for disbursement of funds
- Includes expenditure purpose
- Committee requesting expenditure
- Amount of expenditure & budget line item
- Signature & approval by 2 authorized chapter officers

Tamiouchos
- Issues a check
- Check is signed by 2 authorized chapter officers

Graduate Advisor
- Signs voucher
- Signature is required on all checks
Financial Procedures

Balance Sheet
- List all assets & liabilities

Cash Receipt Reports
- List all cash collected (identified by source)

Cash Disbursement Reports
- Lists all cash expended (in check number order)

Financial Procedures

Pecunious Grammateus Responsibilities
- Records payments from all sources
- Prepares written monthly report of receipts collected and returned by financial institutions
- Brings records to chapter meetings for reference
- Prepares receipts for income received in duplicate receipt book
- Maintains a Cash Receipts Journal
- Maintains a Transmittal of Funds Report - summarizing monies given to the Tamiouchos

Financial Procedures

Tamiouchos Responsibilities
- Preps written monthly report to the chapter that includes:
  - Balance Sheet
  - Cash Disbursement Report
  - Comparison of Budget to Actual Expenses
  - Bank Reconciliations
  - Special events financial reports
- Maintains a Cash Disbursement Journal
- Maintains the Chapter Checkbook and reconciles the bank statement
- Keeps a record of Transmittal of Funds received from the Pecunious Grammateus. She should sign for receipt of funds.
- Annually prepares the chapter's year-end financial statements

Financial Procedures

Internal Controls
- Bank Statement – The bank statement should be opened at the Executive Committee Meeting and the ending balance noted in the minutes.
- The Basileus should obtain a copy for her files and review it for any unexplained fees.
- Credit cards are authorized
- Debit cards are not authorized. The use of debit cards weaken our internal controls, which requires two signatures for expenditures.

Financial Procedures

Internal Controls for Credit Cards
- The chapter must approve written procedures.
- The approved users should be denoted by position in the written accounting procedures and card access should be limited.
- Each purchase must be approved by an approved voucher and a receipt to document the purchase.
- Credit Card Statement – The statement should be opened at the Executive Committee Meeting and the ending balance noted in the minutes.
- The Basileus and Tamiouchos should obtain a copy for their files and review it for any unexplained fees.
- When not in use, the card must be maintained in a secured location.
Financial Procedures

Internal Controls
- It is highly recommended that chapters develop internal written procedures.
- Topics may include:
  - Fees for undergrads transferring into the chapter, Charter Members, and Golden Sorors
  - Assessment Policies
  - Duties of Financial Officers

Documents

Documents Found on Website
- COIP Remittance Form
- Voucher
- Remittance Instructions
- Reports of Funds Received
- Sample Audit Letter
- Fee Reminders - Dues and Assessments
- Revised Fee Schedule

Budget Development

Income
- Dues, which includes per capita tax
- Assessments
- Income from special fund raising projects
- Initiation fees and charges

Budget

A Budget is an itemized listing of expected income and expenditures for the fiscal year

Who Develops
- Finance or Budget Committee
- Tamiochros normally serves as Chairman
- Members include Pecunious Grammateus, Program Committee Chairman, and other chapter members

When Prepared
- Prior to October, for approval by the chapter in November

Expenditures
- All Activities
- All contributions to others
- Operating Expenses
- Per Capita & Chapter Taxes
- Delegates' attendance at Boules, Leadership Seminars, Regional Conferences, & Undergraduate Round Ups
- Contingencies
Budget Control

- Money can be spent only if it is collected and on hand.
- Once a chapter has adopted its budget, sorors should not be asked to vote again to authorize expenditures for specific items.
- Such action should only occur when funds are short and it becomes necessary for the chapter to decide what expenditures it can afford to make.
- Or circumstances exist that expenditures for a specific purpose requires reconsideration.

Submission of Budget

- By Feb. 1st, each chapter must submit a copy of its yearly budget to the Alpha Kappa Alpha Corporate Office.
- Copies of this report should be forwarded to the Regional Director.

Yearend Reports

Statement of Financial Operations

- Statement of Financial Operation is due to Alpha Kappa Alpha Corporate Office by February 1st.
  - Copies of this report should be forwarded to the Regional Director.
- Timely filed annual reports are included in the group tax return (Form 990) filed with the Internal Revenue Service.
- These reports are found on the AKA web site.

Steps to Access the Yearend Reports

1. Go to www.aka1908.com
2. Log into Members Only Section
3. Select Forms & Documents
4. Topic Chapter Report Book - next page select Reports

Taxes

Tax Exemption

- Alpha Kappa Alpha operates under the Internal Revenue Code 501 (c)(7). Dues, donations, and contributions are not tax deductible.
- Educational Advancement Foundation operates under the Internal Revenue Code 501 (c)(3), donations and contributions to EAF are tax deductible.

Bonding

Who Should Be Bonded

- Basileus
- Pecunious Grammateus
- Tamilouchos
- Anti Tamilouchos, Anti Grammeteus, and any other Soror handling money
- Undergraduate chapters must bond their Graduate Advisor

- Bonds should cover positions, not the person.
- Renew bond coverage annually, to ensure adequate chapter coverage.
- Keep a copy of the chapter's bond in the chapter's files.
Auditing - Internal

- Measures compliance to sorority's and chapter's procedures
- Measures completeness of chapter's financial records
- Recommended audit frequency is annually, including a written report made to the chapter
- Chapter must have an Internal Audit Committee that is responsible for the audit
- The Basileus appoints the Audit Committee
- Audit Committee should consist of one or more sorors not involved with chapter's financial transactions
- The Tamiouchos and the Pecunious Grammateus cannot serve on this committee
- Committee can start as early as February 15th

Auditing - External

Should be conducted when the Tamiouchos leaves office (depending on the size of the chapter and other variables), and on other occasions, as necessary

Note: Not recommending an external audit with a CPA due to potential cost of $6000 or more

Foundations

- Alpha Kappa Alpha Sorority, Incorporated, on the international level is established as a 501(c)(7) not-for-profit corporation. Individual chapters that establish foundations are solely responsible for any and all regulatory filings.
- Foundations are separate legal entities without the tax exemption protection of Alpha Kappa Alpha Sorority, Inc.
- Chapters interested in establishing foundations would be best served by obtaining legal counsel and researching the rules and regulations for additional requirements at the federal, state, and local levels.
- Refer to Alpha Kappa Alpha Sorority's, Foundation/Incorporated Entity/Not for Profit Organization Annual Compliance Form, found in the Chapter Report Book, Report 9.

QUESTIONS

Contact Information

Delores Y. McKinley
Supreme Tamiouchos
Chairman of the International Finance Committee
Email: dmckinley@akga1908.com
Home Phone: 954-485-6896
Cell 954-401-3800