

## Tips for an Annual Financial Review

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### What the chapter should provide to the reviewer:

- ▲ Fall/Spring Income Statements and Fall/Spring Balance Sheets
- ▲ Bank/School Statements for Period Under Review (June PY - June CY)
- ▲ Statements from Venmo, PayPal or any other electronic banking system the chapter uses
- ▲ Current statements from national Fraternity
  - Invoices not paid/ past due balances
- ▲ A list of members who owe the chapter dues or other money, how much they owe and the status of collection efforts or reasons for non-payment
  - Should be reflected as a receivable on the chapter's balance sheet
- ▲ Number of active brothers each semester and amount of chapter dues with breakdown of National vs Local portions
- ▲ Number of brothers initiated each semester and initiation fee

### Items the reviewer should check for:

- ▲ Compliance with Fraternity & Chapter bylaws and policies
  - Chapter maintains a checking account in a bank that is federally insured (FDIC or FSLIC) or with the business office of the college or university at which the chapter is located.
  - Any electronic banking account (Venmo, PayPal, etc) is set up as a business account and it not tied to an individual's email address.
  - All checks are signed by two different people, one of which is the chapter president and the other a different nationally recognized chapter officer, who is not the VP-Finance. (The VP-Finance should also ensure that chapter disbursements are not payable to one of the approvers.)
    - All checks are supported by an approved invoice/detailed receipt
  - Disbursements from any electronic banking (Venmo, PayPal, etc) is to the chapter's bank account only. No disbursements are made to individuals. Check that deposits into checking account match disbursements from electronic banking.
- ▲ Income Statement:
  - Make sure that all expenses are on the appropriate line item.
  - If actual expenses are higher than budgeted amounts, ask for explanations.
  - Make sure descriptions are listed/ accurate for "other" income and expenses.
  - All expenses related to LEAD and other GCC costs should be in "National Fraternity events" line item.

▲ Balance Sheet:

- Make sure chapter does not have a large amount of cash on hand and has good controls over cash (i.e. no petty cash fund)
- Make sure jewelry and other assets are reasonable. Chapter should not have many badges on hand but should have pledge pins.
- Make sure assets = liabilities + equity
  - Prior period ending equity equals current period beginning equity, and current period change in equity equals current period net income/loss

After the review:

▲ What the reviewer should do:

- Document any policy violations
- Document other recommendations
- Send write-up to VPF, president, district director

▲ What the VPF should do:

- Review documented issues and recommendations with president, DD, executive committee
- Put procedures in place immediately to correct violations
- Consider adopting reviewer's recommendations
- Keep write-up with officer transition materials to pass along to future VPFs to avoid future policy violations