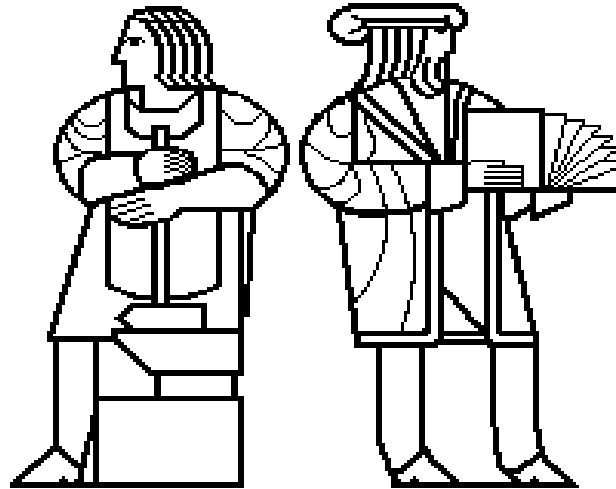


Massachusetts Institute of Technology



Fraternity, Sorority, and Living Group
Treasurer's Manual
2008

Association of Independent Living Groups
<http://www.mitailg.net>

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General Treasurer Responsibilities

Example Responsibilities of a Chapter Treasurer

- Prepare an annual budget
- Collect and deposit all monies due the chapter
- Keep accurate and current records of all transactions
- Create exhaustive financial reports
- Review bills and sign checks
- Authorize hire of employees with approval of House Corporation
- Review financial statements

Important Characteristics of the Chapter Treasurer

Organization -organization makes the treasurer's job much easier and allows you to use time wisely.

Discipline -if you struggle to keep up academically, it is extremely difficult to do the treasurer's job effectively.

Responsibility -the treasurer needs to feel a commitment to the chapter and feel a responsibility to get the job done effectively.

Get along well with others - it is very important to be able to build relationships with all members.

Be able to take criticism -criticism is inevitable and can be helpful

Patience - some tasks require patience, empathy, and persistence.

Tact - maintain the highest level of cooperation within the chapter as possible and be on good terms with everybody

Budget time - manage your time well and be able to provide others with consistent service

Consistency -favoritism creates rifts between members

Loyalty - to the chapter and its welfare

Honesty - keep all records accurate and honest.

Empathetic - be approachable and understand that money is a sensitive topic for many people, yet be fair and just

Confidentiality - maintain a strong commitment to professionalism and candor

Budget Preparation

Prior to the beginning of each semester, a budget should be developed for the chapter. It is recommended that a budget be prepared on a semester basis rather than a yearly basis as each semester has incomes and expenses unique to itself.

Several people should be involved in the budgeting process; it should not be a responsibility left solely for the treasurer. The treasurer, along with executive officers should determine actual and projected costs for every line item. The final budget presentation, prepared by the treasurer, should be discussed with alumni advisors as well as the full chapter membership for transparency and to determine any changes.

When determining **anticipated costs**, past records provide the most accurate information about previous expenses. **Factors that should also be considered are:**

- **annual cost-of-living increase**
- **number of residents, non-residents, and special cases, such as members abroad**
- **number of anticipated new members**
- **semester - specific expenses (recruitment, formals)**
- ***the possibility that a portion (5-10%) of accounts receivable may never be collected.***

As a general rule, when estimating income and expenses, it is recommended to “figure conservatively for income and liberally for expenses.”

Categorizing expenditures will simplify the budgeting procedure. Many of the major expenses can be classified as listed below (these are examples; every treasurer should specialize a budget for his/her chapter):

debt service	furnishings	convention/retreats
mortgage	garbage collection	maintenance
utilities	insurance	water
salaries	supplies	food
telephone	alumni relations	taxes
television	awards	recruitment
gifts	officer supplies	insurance
invitations	dues	postage and printing
athletics	special events	bank charges
contributions	social events	national officers' visits
composites	repairs	membership education

Should anticipated expenses exceed estimated income, the proposed budget must be revised. **A chapter cannot operate with a negative balance.** When reassessing expenditures, it is suggested that expenses be categorized as “discretionary” or “non-discretionary.” Discretionary expenses are those that, if altered, will not significantly affect the chapter’s operations (athletic activities, gifts, flowers). These categories should not be completely eliminated; instead, fewer funds should be allocated for these areas.

Fixed expenses can not be altered; funding must be available in full for proper payment (mortgage, insurance, utilities, inter/national dues, Interfraternity or Panhellenic dues, salary).

Prior to the beginning of the semester, the treasurer and the chapter chef or steward should develop a spending budget. This will provide the kitchen manager with a weekly maximum dollar amount for food purchases.

Financial Reports

In order for the chapter to understand its current financial condition and support fiscal policies, communication between the Treasurer and the members must be frequent and comprehensive. The treasurer's report should be on the agenda for every chapter meeting. In reporting to the chapter, be sure to be prepared and that the report is informative.

Every member is interested in where and how his/her money is spent, and rightfully deserves to know. On the other hand, it is difficult to explain a monthly financial report to the average member without confusion. It is also difficult to explain financial operations orally. Extracting the "vital statistics" of financial operations from monthly reports and briefly forecasting future operations will permit you to inform without confusing the chapter. **The following items should be reported at each chapter meeting:**

- 1. Amount of billed income and amount collected.**
- 2. Unpaid members and amount unpaid.**
- 3. Bank balance - cash vs. accounts payable.**
- 4. Year-to-date gain (loss).**
- 5. Comparison of actual year-to-date gain (loss) compared to budgeted income and expense.**
- 6. Explanation as to why the balance is favorable or unfavorable for the various funds and major items and plans for adjustments.**

A report form similar to that shown on page 5 is a useful way to prepare your monthly and annual financial reports. It will also be useful to your successor in helping plan the next budget. It is important to have these basic data on paper for your and the chapter's reference. Make at least five copies of this monthly summary - one for posting in the house/facility, one for the president, one for the treasurer of your house corporation, one for your chapter advisor or financial advisor, and one for your files.

After each finance committee meeting, you should report the business transacted to the chapter. Based on committee minutes, some of the information may be summarized, but the entire chapter should be fully informed of the major business matters discussed by the finance committee. A copy of the minutes of each meeting should also be available to any chapter member who wants to read them.

Communication is an important part of your job. You are managing funds which the other chapter members have entrusted to you. Some members will show more interest than others in how their funds are appropriated, but everyone deserves to know how this money is being used. Be candid, honest, and current in your reports. You will not help yourself or the chapter in the long run by delaying unpleasant news. Unfavorable trends and measures to counteract them should not be delayed or kept secret. A surplus, or favorable trend, on the other hand, does not

automatically call for increased spending. The more you demonstrate to the chapter that you are capably managing the business operation, the more the chapter will support your fiscal policies and procedures.

Sample Yearly Budget

Projected Chapter Budget		2008-2009			
11/4/07 Updated					
Costs:	School Year	Summer	Total	Actual	
Alumni Party	\$1,500		\$1,500	\$1,224	
Athletic	\$500		\$500	\$200	
Fraternity Fees and Supplies	\$4,900		\$4,900	\$7,000	
Christmas/Holiday Party	\$1,600		\$1,600	\$1,630	
Composite/Technique	\$1,100		\$1,100	\$794	
Convention	\$1,000		\$1,000	\$525	
Electric	\$10,000	\$3,000	\$13,000	\$11,272	
Gas	\$4,900	\$1,200	\$6,100	\$5,132	
House Manager	\$4,000		\$4,000	\$6,000	
IFC Dues	\$735		\$735	\$750	
Miscellaneous	\$3,500	\$750	\$4,250	\$5,906	
Oil	\$3,000	\$600	\$3,600	\$2,606	
Social Budget	\$6,000		\$6,000	\$5,337	
Phone	\$6,000	\$2,000	\$8,000	\$6,319	
Pledge Educator	\$400		\$400	\$536	
Rent	\$42,000		\$42,000	\$42,000	
Recruitment	\$21,000		\$21,000	\$21,000	
Steward - Fixed (chef salary)	\$12,800		\$12,800	\$12,000	
Steward - Food	\$32,000		\$32,000	\$30,218	
Taxes	\$4,500		\$4,500	\$4,372	
Trash	\$4,500	\$1,500	\$6,000	\$5,694	
Water	\$4,000	\$1,500	\$5,500	\$5,480	
Work Week	\$6,000		\$6,000	\$5,481	
Pledge Work Week	\$3,500		\$3,500	\$5,482	
Subtotal	\$179,435	\$10,550	\$189,985	\$186,957	
Income	35 Resident Members	12 New Members	Other	Summer	Total
House Bills (per term)	\$2,800	\$196,000			\$196,000
IAP	\$200	\$6,600			\$6,600
New Member Fees	\$200		\$2,200		\$2,200
Projected Summer Income				\$6,000	\$6,000
Subtotal	\$202,600	\$2,200	\$0	\$6,000	\$210,800
Overall Totals	Projected	Actual			
Income	\$210,800	\$200,000			
Costs	\$189,985	\$186,957			
Surplus	\$20,815	\$13,043			
Contingency	10.96%				

Collections (Active Methods)

Collecting the Money Up Front

In this system each person is billed for the entire term at the beginning and is expected to pay it then. **This has several advantages:** First, it immediately identifies those individuals who cannot pay and who might become problems. It simplifies the treasurer's job because s/he can then concentrate on other duties. Finally, it improves the cash flow in the beginning of the term. This can be especially beneficial in the Fall when big bills are incurred during work week and recruitment and the majority of bulk food purchases for the year are made. This is the policy followed by the dormitories. Provisions can be made for those who must to pay in installments (similar to MIT's deferred payments plan). Many times students earn their housebills during the term and are unable to pay up front. Some chapters have partially adopted this measure, demanding some percentage (e.g. 50%) of the total bill for the term up front. In any case, members should be given an incentive to pay their entire housebill at the beginning of each term. This can be accomplished through one of two methods. Members who pay at once can receive a discount (5% sugg.) or those who choose to pay by installments can be charged an interest penalty (1-2% per month). Chapters usually stress the discount method because it promotes a positive incentive to pay up front. Of course, it is important to factor such discounts into the budget.

Monthly Collections

In this program each person is billed on a monthly basis and is expected to pay then. This system allows chapter members to have more freedom with their money and a lower single moment of financial burden, although it creates significantly more work for treasurers. Typically chapter members are happier with this system, although there are a lot of negatives from a financial standpoint. **In such a system it is important for the treasurer to be very proactive about collecting dues promptly.** It is easy for a member to fall through the cracks and become behind on their bills. It is always hard to get members to catch up once they have fallen behind.

Specific Collection Methods

In addition to encouraging a positive attitude among the chapter members, there are specific strategies and tactics, which a chapter may use to prevent and/or collect bad debts. In each case it is important that the treasurer be resolved to do what is necessary to ensure financial responsibility and policy compliance. At times people have argued that some collection methods are unfriendly. However, this argument ignores the fact that financial irresponsibility is in fact a breach of brotherhood/sisterhood obligations and agreements.

Chapter Attitudes Towards Financial Responsibility

Instilling in the members a positive attitude about each one's financial responsibility to the group is also important in preventing bad debts. Membership development and New Member Education programs should cultivate that expectation. Presenting the budget to all chapter members and explaining to them exactly how the monies will be put to use is one method. **Delinquent members should realize that they are hurting their friends (not an impersonal organization or corporation) by not paying their bills.** Chapter leaders and officers should be expected to set the example for all other members with regards to fiscal responsibility, and chapters may require that all officers be current with dues in order to serve. Only the treasurer should try to induce payment from members. Financial responsibility is simply one manifestation of the implicit or (explicit) agreement each person makes when choosing to affiliate with an FSILG. If penalties or sanctions for non-payment are clear, consequences and sanctions for nonpayment may be levied by the chapter.

Housing Contracts

If a person is taken to court, a contract gives the chapter a firm legal claim to any unpaid housebills and is an explicit agreement between the individual and the chapter. This should be a legal document, similar to a lease or rental agreement. The example contract given in this manual will protect the interests of the chapter and its house corporation and will allow the Institute to block an individual's registration or graduation if necessary. The chapter president, house corporation president, individual members and his or her parents (if the member is under 18 years old) should sign contracts. Copies of the contract should be filed with each signatory, and should be sent to the parents regardless of the member's age. Most parents still pay some portion of the housebill and this will give them an understanding of the financial obligations of membership to their son's or daughter's chapter.

Contacting Parents

It is also a good idea to let the parents know about a member's financial obligations when they are relatively new members. One way to do this is to send the parents a letter outlining their financial duties to the chapter. A sample letter is on page 10.

After a bill has become overdue and the chapter has tried to work with the individual with no results, the parents should be notified. Write or call them and explain the situation directly with them (a sample letter is on page 11). Request their help in clearing up the matter. These actions should be taken only after the individual is made aware that this step will take place. Often, the problem will be resolved when the member realizes you plan to approach his or her parents.

Charging Interest

This offers a positive incentive to pay off the debt and helps the chapter recoup some of its losses accrued in lending the money. Care must be taken to comply with Massachusetts Truth in Lending Laws. Interest charges and accrual rates must be clearly explained by the lender to the lender.

Loan Countersign

To do this, the treasurer must go to the Student Financial Aid Office and request that the individual's loan check be made out to the chapter and the individual. Often this is done automatically; it can also be done for individuals who have moved into other quarters. Then the chapter can come to an agreement with the individual whereby s/he signs it over to the chapter. The treasurer subsequently writes the individual a check for the difference (if positive) between the amount of the loan check and what is owed.

Suspension of Privileges

If a member refuses to pay his/her bill, the chapter should consider suspension of membership privileges. Privileges might include the right to vote in meetings, participate in intramurals, attend social activities, eat meals, and live in the house. It is senseless to allow a person to live and eat in the house if they are not paying; even if you cannot replace them with a paying member it is better to remove them to lower the overhead costs incurred. To allow them to stay simply invites others not to pay their bills and can cause many more problems within the group.

Threat of Membership Termination

A by-law or similar binding rule that states that an individual will be expelled from the chapter if a bill meets a threshold (for example, more than 3 months overdue). Many inter/nationally affiliated groups already have these procedures in place. This should be subject to personal

review, but must be taken seriously and the chapter must be completely willing to execute it if the rule is adopted. If any unexcused exception is made, the rule will become meaningless.

Registration Holds/Diploma Holds

A very common and popular form of bill collection is to work through the Fraternity, Sorority and Living Group Office. The FSILG Office can assist in collecting overdue debt by submitting names to the Registrar's Office. Chapters that have members who have not paid their dues/house bills may follow the directions below in order to have member's registration put on hold or their diploma withheld until they pay their debt:

Non-Payment of House Bills by Individuals:

The Institute maintains a policy that allows MIT to assist recognized FSILGs with the collection of unpaid house bills. Provided certain requirements are met and procedures followed, MIT may prevent registration for the following term or graduation if the student is a degree candidate, for outstanding balances owed to a student's FSILG. MIT's FSILGs are asked to follow these guidelines when requesting the aid of the Institute with the collection of overdue accounts:

1. There must exist an understanding and commitment by the members to their FSILG through the use of a written and signed contract with each FSILG (example is a housing contract).
2. Each FSILG should have a policy involving the undergraduate chapter and its alumni house corporation that addresses the issue of overdue and uncollected house bills.
3. The undergraduate chapter and its house corporation shall have made a good faith effort to deal with these issues internally prior to enlisting the aid of MIT.
4. When MIT assistance is desired to collect overdue debts, a written request from an officer of that FSILG shall be directed to the Assistant Dean to Fraternities, Sororities and Independent Living Groups. Email requests with names and student email addresses to kmiller@mit.edu.
5. Satisfactory evidence and documentation must exist that a significant debt is outstanding and that the FSILG and its house corporation have made a diligent effort to collect the debt through internal means and have been unable to work out satisfactory arrangements for payment with the resident.
6. Such evidence would include copies of the FSILG's financial records indicating an unpaid balance, letters to the student that identify the amount due and requesting payment, unfulfilled promissory notes and any other correspondence between the FSILG and the students that would help to substantiate a good faith effort on the part of the FSILG to collect the funds. Evidence should be kept on file with the respective FSILG as proof that they have made sufficient effort to collect all debt. Documentation should not be submitted to the FSILG office.

The Institute hopes that the effective use of housing contracts along with the prospect of MIT's blocking registration or graduation will serve as a deterrent to students who might otherwise fail to fulfill their financial commitments to their FSILG.

FSILGs wishing to make use of this assistance should contact the Assistant Dean to Fraternities, Sororities, and Independent Living Groups, W20-549, (617) 253-7546 or kmiller@mit.edu.

Alumni Boards

In some chapters, the alumni organizations assume the responsibility for bad debts. This is usually effective and it relieves the pressure from the treasurer. Use your alumni board as a resource to provide guidance and advice or perhaps legal counsel in such matters.

Promissory Notes

Individuals terminating their membership with or moving out of the chapter owing money should always be made to sign a promissory note. Examples of a promissory notes are provided on pages 12 through 14. Collecting on promissory notes is where persistence really pays off. Regular contact by telephone is hard to ignore and unlike mail/email, is more personal, allowing feedback from the debtor, and is usually successful.

Budgeting for Bad Debts

This is merely a pragmatic safety precaution and should be done in addition to other preventative measures. **The treasurer should realistically evaluate from past experience the expected bad debts and budget for the amount.** If the debts are not severe, then the surplus can be put into a bad debt account, which can be drawn upon in situations where the debts are larger than the budget. Doing this will allow the chapter to function normally even with outstanding debts. This is not to say that the chapter should passively allow debts to form. Normal debt prevention measures should be carried out. However, the chapter should protect itself in circumstances where those measures are not completely successful.

SAMPLE LETTER TO PARENTS EXPLAINING THE FINANCIAL OBLIGATIONS OF MEMBERSHIP

CHAPTER LETTERHEAD
(including phone number)

Date

Dear Mr. & Mrs. _____:

We are honored that your (*son/daughter*), (*name*), has chosen (*CHAPTER name*) to become a part of (*his/her*) life. At (*CHAPTER name*) we believe that the parents are an integral part of our (*fraternity, sorority, or living group*) and hope that you will take advantage of the various opportunities to be involved with (*CHAPTER name*) during Family Weekend and throughout the year.

I would like to take this opportunity to explain to you the financial obligations of our members so you will know what (*name*) will need to plan for.

Fees Paid Only Once:

New Member Fee - Paid to (name of fraternity)
Headquarters upon associating.

\$ _____

Initiation Deposit - Paid to (name of fraternity) Headquarters
prior to the time of initiation.

\$ _____

Fees Paid by the Month:

Dues - Paid by all new members and initiated members.

\$ _____

Room Rent - For all members living in the chapter house.

\$ _____

Board - For all members eating at the chapter house.

\$ _____

Our bills are issued on the first day of each month during the school year and are due by the 10th. I would appreciate it, if you are personally sending the payments, if you would make the checks payable to “(*name of chapter*).”

If you have any questions, please feel free to contact me personally, or our Chapter Financial Advisor, at _____ or _____. (*Include phone and email contact information*)

Sincerely yours,

Name

Treasurer

(*CHAPTER name*)

SAMPLE LETTER TO PARENTS WHEN AN ACCOUNT HAS BECOME DELINQUENT

*CHAPTER LETTERHEAD
(including phone number)*

Date

Dear _____:

Many of the members in our chapter work directly with their parents for financial guidance. Accepting a financial obligation while in college is a great challenge and we would like to make you aware of a situation we are attempting to resolve with your student.

(name) has fallen behind in his payments with the chapter in the amount of \$_____. We have attempted on multiple occasions to collect the debt or discuss payment plan options with *(name)*. We respectfully ask your assistance in remedying this issue before the debt is unmanageable.

A copy of *(name's)* bill is enclosed for your information.

Thank you for your understanding and help. If you have any questions, please contact me or _____, our chapter financial advisor, at *(email and phone contact for treasurer and advisor)*.

Sincerely,

Name
Treasurer
(CHAPTER name)

PROMISSORY NOTE- EXAMPLE 1

AMOUNT \$ _____

DATE: _____, 20 _____

I, _____, fully understand that by this contract, I vouch for my indebtedness to _____ Chapter of _____ Fraternity, located at _____, in the City of _____, in the state of _____, the principal sum of _____ dollars (\$_____).

If I do not pay by _____, 20_____, I forfeit my right to membership, and the chapter has the right to recourse for collection in the Court of Small Claims. Of these obligations, I am fully aware and sign of my own free will.

It is further agreed that in case of failure to pay the amount due hereon at maturity, said note shall bear interest at _____ percent (_____%) per annum thereafter until paid in full and said chapter may proceed against an endorser or co-signor individually without first proceeding against the maker.

The maker of this note hereby agrees to pay all costs of collection, including reasonable attorney's fees and legal expenses, in case payment shall not be made at maturity, and, each and severally, waive presentment for payment, notice of non-payment, protest and notice of protest and diligence in enforcing payment or bringing suit against the party hereto.

(member)

(Chapter Treasurer)

(Chapter President)

(House Corporation President)

(NOTE: The above note should be filled out and signed in four copies. The original should be filed and retained in a safe place; one copy should be kept with the treasurer's records; one copy should be returned to the maker of the note; and one copy should be sent to the house corporation president.)

PROMISSORY NOTE- EXAMPLE 2

_____ CHAPTER OF _____ FRATERNITY

I, _____, the undersigned, hereafter referred to as "Member", hereby acknowledges and accepts certain financial obligations to _____ CHAPTER OF _____ FRATERNITY, it's successors or assigns, hereafter referred to as "Chapter", during the school term beginning _____, 20__ and ending _____, 20__, for future amounts due.

The amount hereby being contracted for the stated term is \$____ (as scheduled below), plus

- (i) any miscellaneous expenses incurred by Chapter for my benefit such as personal items purchased, and/or
- (ii) any special assessment(s) as Chapter may elect from time to time by majority vote, and/or
- (iii) any legal expenses or costs of collecting this legal and binding obligation, and/or
- (iv) any fines assessed by Chapter in accordance with the Chapter Bylaws.

The amounts scheduled below which are due under this contract represent monies owed by Member. This amount shall be paid as follows:

Month, Year	Amount Due	Month, Year	Amount Due
Aug. _____	\$ _____	Jan. _____	\$ _____
Sep. _____	\$ _____	Feb. _____	\$ _____
Oct. _____	\$ _____	Mar. _____	\$ _____
Nov. _____	\$ _____	Apr. _____	\$ _____
Dec. _____	\$ _____	May _____	\$ _____

Each installment as outlined above is due and payable on the first day of each month in the calendar year shown. Any additional amounts due as provided for above are due and payable in full by the 1st day of the month in which said charges are billed. Any payment(s) not paid by the 10th day of the month in which it is due shall be considered delinquent and could have an adverse effect on the Member's status. Member understands and agrees that any delinquency of any scheduled payment outlines herein shall result in one or all of the following actions to be taken by the Chapter:

- (i) A loss of certain membership privileges as outlined in the Chapter's bylaws;
- (ii) An obligation to sign a promissory note which commits to a specific repayment plan and serves as further evidence of indebtedness to Chapter;
- (iii) Notification of Member's delinquency shall be sent to parents or legal guardians, for which Member hereby grants permission; Potential withholding of Member's registration and/or diploma from the Massachusetts Institute of Technology
- (iv) Member's delinquent contract/account may be turned over to a collection agency, collected through use of Small Claims Court or any means necessary by which Chapter attempts collection. Any legal fees or costs incurred in collecting Member's contract/account is the sole responsibility and obligation of Member and payable on demand.
- (v) Possible probation and/or suspension of Member from the International Fraternity.

The undersigned member acknowledges obligations and agrees to this contract without protest this _____ day of _____ 20__.

Witness/Chapter Treasurer: _____

Witness/Financial Advisor: _____

Member Address:

City, State, Zip:

Co-Maker (if member is under age 21)
(Co-Maker's Signature must be notarized)

State of:

City/County of:

Acknowledged before me this _____ day of _____ 20____.

Notary Public

My Commission Expires: _____

INSTALLMENT NOTE

AMOUNT \$ _____

DATE: _____

I, _____, promise to pay to the order of the _____
Chapter of _____ Fraternity, located at _____,
in the City of _____, in the state of _____, the principal sum
of _____ dollars (\$ _____) by (due date) _____, 20____.

These sums are payable according to the following schedule:

\$ _____ due _____: \$ _____ due _____

\$ _____ due _____: \$ _____ due _____

\$ _____ due _____: \$ _____ due _____

It is further agreed that in case of failure to pay the amount due hereon at maturity, said note shall bear interest at _____ percent (_____%) per annum thereafter until paid in full and said chapter may proceed against an endorser or co-signor individually without first proceeding against the maker.

The maker and/or co-signor of this note hereby agrees to pay all costs of collection, including reasonable attorney's fees and legal expenses, in case payment shall not be made at maturity, and, each and severally, waive presentment for payment, notice of non-payment, protest and notice of protest and diligence in enforcing payment or bringing suit against the party hereto.

(member)

(Chapter Treasurer)

(Chapter President)

(House Corporation President)

(NOTE: The above note should be filled out and signed in four copies. The original should be filed and retained in a safe place; one copy should be kept with the treasurer's records; one copy should be returned to the maker of the note; and one copy should be sent to the House Corporation President.)

Alumni Debt

Most likely, your chapter has a number of members who have graduated and still owe money. The longer you wait, the less likely the chance for collection. If you have a good housing contract signed by that person you have the option of using a collection agency. If not, it's basically up to you to get delinquent alumni to pay by personal correspondence with the alum.

Collecting money from alums is not an easy job and takes a lot of tact. Also remember that while each alumni should be taken on a case by case basis, they still owe the chapter money and the line has to be drawn somewhere. It's also a very good idea to see what effort previous treasurers have put into collecting from each individual.

One approach is to send distant alumni a sequence of letters as outlined below:

Begin by sending the series of four letters (which follow below) at about two week intervals. If this fails to get any results, follow through with the suggestions listed at the bottom of Letter No. 4, even if it costs some money. Be sure to regularly tell the Chapter who you are after and how you're doing. **If the current members know you mean business, there is less likelihood of their leaving the Chapter with unpaid accounts.**

SAMPLE COLLECTION LETTERS

Letter #1

Dear _____,

In reviewing the Chapter books, I note that you have an outstanding debt of \$_____. I am confident that you have merely overlooked this account and will promptly send us your check.

The members of the Chapter have asked me to send you their regards and best wishes.

Thank you for your cooperation in this matter.

Very fraternally,

_____, Chapter Treasurer

Letter #2

Dear _____,

On _____, 20____, we wrote you regarding your unpaid account to the Chapter amounting to \$_____.

As you will no doubt agree, the burden of carrying alumni indebtedness should not be imposed upon the undergraduate chapter, and we are counting on you to fulfill your obligations to the chapter.

We should appreciate receiving a check in full by _____, 20_____.

With continued best wishes.

Very fraternally,

_____, Chapter Treasurer

Letter #3

Dear _____:

On _____, 20____, and again on _____, 20____, we called your attention to your unpaid account of \$_____.

We have been disappointed and embarrassed in not receiving your remittance. The undergraduate chapter can no longer carry your burden. The debt is justly yours, and should command your immediate attention. Politely, but firmly, we must insist upon its payment. If absolutely necessary, we may be able to set up a payment plan for you. (OMIT PREVIOUS SENTENCE IF DEBT IS SMALL).

We trust you will not force us to take action in a way that will not only be unpleasant to us, but will also reflect upon your loyalty to the Fraternity.

Please give this matter your immediate consideration.

Fraternally,

_____ Chapter

_____(Signature)_____, Chapter Treasurer

Letter #4

Dear _____:

Three letters have been sent to you requesting payment of your debt of \$_____ to the Chapter. These were written under the dates of _____, _____, and _____. So far, no satisfactory reply has been received from you.

We will be obligated to take other action to collect this amount due the chapter unless we receive your remittance by _____(One week from date of letter), at the latest.

We feel that we have dealt with you both courteously and patiently, but we cannot continue to carry your obligation.

Fraternally,

_____ Chapter

Signature_____, Chapter Treasurer

Sample Housing Contracts

STUDENT LEASE AND MEMBERSHIP AGREEMENT

This Agreement is made and entered by and between the _____ Chapter of _____ fraternity, an unincorporated association of college students (hereinafter referred to as “Chapter”), and

Student’s Full Name _____
Student’s Permanent (Home) Address _____
Student’s Permanent (Home) Telephone Number _____
(hereinafter referred to as “Student”)

Contract Term (Check as Applicable)
Fall Term _____ Spring Term _____ IAP _____
Monthly Basic Charges _____ IAP Charges (Automatic) _____
Security Deposit _____

PREAMBLE

WHEREAS, the Alumni House Corporation of the _____ Chapter of _____ (also known as the _____ Association, a non profit Massachusetts Corporation and hereinafter referred to as the “Alumni House Corporation”) owns and maintains property (hereinafter referred to as the “House”) at _____ Road in Boston/Cambridge, MA to members and prospective members of the Chapter who are students at the Massachusetts Institute of Technology (hereinafter referred to as MIT); and

WHEREAS, the Chapter constitutes a chapter of the _____ (National) General Fraternity, a not-for-profit (State where HQ is located) corporation; and

WHEREAS, the Alumni House Corporation has in good faith entered into a separate lease agreement with the Chapter for use of its House under certain terms and conditions; and

WHEREAS, the Chapter is responsible for the election of chapter officers, for day to day operation and minor upkeep of the premises, for the selection and training of new members and other appropriate activities engaged in by a college fraternity and whose officers are agents of the Chapter and not the Alumni House Corporation; and

WHEREAS, Student represents that he is or wishes to become a member of the Chapter of the _____ fraternity or is an MIT student wishing to live in House under its terms and conditions; and

WHEREAS, the parties wish to enter into a written agreement providing for the terms and conditions of the Student's tenancy in the House:

FOR GOOD AND VALUABLE CONSIDERATION, THE CHAPTER, which is a recognized Fraternities, Sororities, and Independent Living Group of MIT, the Student named above, and the Student’s undersigned parent(s) or legal guardian(s) do hereby mutually covenant and agree as follows:

1. The Chapter shall furnish room and board to the Student in the houses maintained at _____ Road, Boston/Cambridge, during the portion(s) of the academic year of MIT specified above. The Student shall reside in one of the houses and take board therein during such period.
2. The Chapter shall provide to the Student such services as are customarily furnished by the Chapter to residents of the House and, subject to the Chapter's rules and regulations, all applicable membership rights and privileges.
3. In consideration of such room and board, and membership benefits, the Student shall pay to the Chapter the applicable monthly (or semesterly) basic charges as determined by the Chapter. Payments will be due on the first day of September, October, November, December, February, March, April and May. Student acknowledges that in the event the Chapter budget is changed or overspent by the Chapter that he may be asked to pay a higher basic monthly charge and that the circumstances for such will be reviewed by the Chapter with the Student.
4. The Student shall pay to the Chapter upon execution of this contract a security deposit in the sum specific by Chapter vote. The deposit shall be held by the Chapter and may be applied by the Chapter to remedy any default of the Student under the terms and conditions of this contract. The Chapter shall refund the deposit to the student upon the Student's full performance of his obligations under this contract.
5. In addition to the charges specified above, the Student shall pay to the Chapter such individual charges as he may incur for optional goods and services furnished by the Chapter, such special assessments as the Chapter may levy upon its members, and such candidate fees, initiation fees, building fund fees, and National Fraternity dues as are customarily charged or assessed by the Chapter. Such charges, assessments, and fees shall be paid as may be determined by the Chapter, and are considered obligations of the Student to the Chapter.
6. If the Student fails to pay any sum to the Chapter when due, it is his responsibility to immediately sit with the Chapter's Financial Committee to discuss the specific circumstances. A fine of \$25 shall be levied for payment received more than five (5) days late, and the economic impact of the late payment to the Chapter's financial condition will be explained by the Financial Committee to the Student. The Financial Committee will notify the Financial Advisor to the Chapter of the situation. If the Student remains delinquent in payment for thirty (30) days, the Chapter may discontinue providing room, board and membership benefits to the Student until the delinquent charges have been paid. In addition, the Chapter may report the unpaid balance to MIT, which may result in a bar to registration or graduation or a bar to release of transcripts.
7. This contract is for living space in the House and not for any particular room. The Chapter reserves the right to assign the Student to a room and to change his room assignment. If the Student is occupying a multiple-occupancy room, the Chapter reserves the right to assign and change his roommate(s).
8. Board shall be available from the first day of classes through the last day of classes each semester. Board shall consist of fifteen (15) meals per week, to be served on the days and at the times determined by the Chapter, provided, however, that no meals be served on MIT holidays or during vacations. The meals furnished under this Contract are not transferrable by the Student to other persons. The Chapter shall not be responsible for meals not served for reasons beyond its control.

9. The Student shall use the House only for residential purposes and shall not conduct any business or commercial enterprise therein. The Student shall comply with all local, state, and federal laws, ordinances, and regulations and with the rules and regulations of the Chapter, its Alumni House Corporation, the _____ National Fraternity, and MIT.
10. The Student shall take good care of the House and its furniture, furnishings, and equipment, shall keep them in a neat, clean, and orderly condition, shall suffer and permit no waste to be committed in or upon them, and shall make no alterations or additions to the premises without prior consent of the Chapter, with general agreement from the Alumni House Corporation. Upon the expiration or other termination of this contract, the student shall remove his personal property from the House and shall peaceably surrender possession of the premises and property in clean condition and good repair, ordinary wear and tear resulting from careful usage alone excepted. After surrender of possession by the Student, the Chapter shall have the right to dispose of any personal property left by the Student in or on the House premises, and the Chapter shall not be responsible to the Student to account for disposition.
11. The Student shall not paint his room without prior consent of the Chapter.
12. Damage to the room or its furnishings beyond ordinary wear and tear will be charged to the students occupying the room. Damage to rooms or property used in common with other students will be charged to all such students equally. If responsibility for damage is acknowledged by one or more students, the damage will be charged to such students.
13. Lofts and other similar structures shall not be erected in a room because they would render the automatic sprinkler system potentially ineffective in such a room due to lack of water coverage in the event of fire. Waterbeds shall not be allowed without permission of the Alumni House Corporation. No animals or pets whatsoever shall be brought or kept upon the House premises without consent of the Chapter.
14. The Chapter and the Alumni House Corporation, for itself and for themselves, reserves the right to free access to enter the Student's room during any and all reasonable hours for the purpose of inspecting the room and making such repairs, alterations, additions, and improvements as the Chapter and/or the Alumni House Corporation may deem necessary or desirable for the preservation of the property. The Student will provide a copy of the key(s) to the Student's room to both the Chapter's House Manager and to the Alumni House Corporation. Under no circumstances will Student make a copy of his key to the House and give it to another person without the express consent of its Alumni House Corporation.
15. The Student will cooperate fully with all parties in the event repairs to his room or to the House are necessary.
16. The Student indemnifies and holds harmless the Chapter, the Alumni House Corporation, the National Fraternity, and their officers, directors, employees, and agents and shall not hold them responsible for any injury, loss, or damage to the Student or the Student's property resulting from fire, theft, or other cause. The Student shall independently insure for his account any property that he brings onto the House against the risk of loss or damage and should explore using his parents' homeowner's insurance for such purpose.
17. The Chapter or its Alumni House Corporation may terminate this contract if the House becomes uninhabitable by reason of fire, windstorm, or other similar catastrophe.

18. The Chapter or its Alumni House Corporation may terminate this contract and take possession of the Student's accommodations at any time if the Student fails to comply with any of the terms and conditions of this Contract. In such event, the Student shall be responsible for any loss of revenue sustained by the Chapter, and the Chapter, at its option, shall be permitted to retain all sums paid to it hereunder by the Student.
19. The Student shall not sell or assign this Contract. No modification of this contract shall be effective unless it is made in writing and is signed by the Student, the Chapter, and its Alumni House Corporation.
20. The Student and his/her undersigned parent(s) or legal guardian(s) shall be jointly and severally liable for the Student's full and faithful performance of the terms and conditions of the Contract. (If the student is financially independent, parent signature is not required.)
21. This Contract is made with reference to and shall be construed in accordance with the laws of the Commonwealth of Massachusetts, in which state it shall be performed by all the parties. Any action arising under the terms and conditions of the Contract may be brought in any local, state, or federal court located in the Commonwealth of Massachusetts, having jurisdiction of the subject matter, and the undersigned parties hereby consent that any such court shall have personal jurisdiction over them with respect to any such action.
22. If the Student is removed by the Chapter or its Alumni House Corporation for Student's failure to comply with the terms and conditions of this Contract, his basic charge for that month will not be returned and the Chapter shall no longer provide the Student with housing or services.
23. The Chapter and its Alumni House Corporation may utilize MIT's policy of withholding degrees and transcripts and may take the necessary steps to block academic registration from the Student with unpaid financial obligations.
24. The Student shall cooperate with keeping common areas and his room in House clean so that photographs can be taken to show the current state of the House for a possible Capital Fundraising Campaign and so that the House would pass an unexpected inspection at any time by City, State or Federal officials or by the Alumni House Corporation, the General Fraternity or a representative of MIT.
25. The Student acknowledges that Chapter officers as well as officers and directors of its Alumni House Corporation serve in their positions as unpaid volunteers and as such they all expect full cooperation and execution of the provisions of this Contract. Student acknowledges that failure to comply with such ultimately could prompt the Alumni House Corporation to not enter into contracts with the Chapter and Students in future years.
26. The Student shall be released from his obligation to pay future rent in the event that he ceases to be a student at MIT, gives up or loses his membership in the Chapter, or in the case of prospective members, drops out of the pledge program. The release from the Student's covenant to pay rent shall take effect upon his vacation of the premises. All other covenants and terms of this Agreement shall remain in full force and effect.

27. The Student shall follow all provisions of the lease agreement between the Chapter and its Alumni House Corporation, the _____ Association, including the following specific terms, identified as items 28, 29 and 30 in this document:
28. The Chapter and its Members, Pledges and Guests, including Alumni of the Chapter, shall at all times obey all applicable federal, state, city and local laws, bylaws, rules, ordinances, codes, regulations, as well as all requirements of the Chapter's and its Alumni House Corporation's and the National Fraternity's insurance policies applicable from time to time. Particular emphasis shall be placed on the laws and rules pertaining to the use of alcohol and drugs. Student recognizes and acknowledges that the Houses are legally sanctioned to be free from alcohol and explicitly agrees that he will in no way do anything to violate this sanction. If Student fails to conform with this restriction, he acknowledges that its Alumni House Corporation will be immediately notified, this agreement will be terminated for cause and the Student will be permanently removed from House/ chapter. A return to the Chapter House by the Student against the will of the Chapter and/or its Alumni House Corporation will constitute criminal trespassing and could trigger a series of steps including application for a restraining order against the Student and prosecution in court.
29. Under no condition will anyone climb, walk or otherwise be on any areas of the roof. Nothing shall be stored or placed on the roof or on the fire escapes.
30. The Chapter and its Members, Pledges and Guests, including Alumni of the Chapter, will at all times maintain harmonious relations with all neighbors, and refrain from inflicting noise or unbecoming behavior upon the neighborhood.
31. Arbitration. Any claim in excess of \$4,000.00, arising out of or relating to the Student's tenancy at the premises or his membership or prospective membership in the _____ fraternity, including but not limited to those based upon negligence, contract and other common law and statutory bases, shall be settled by arbitration in accordance with the appropriate Statutes of the Commonwealth of Massachusetts, and judgment upon any award rendered by the arbitrator may be entered in a court having jurisdiction thereof. It is mutually agreed and stipulated by the parties that the Dean or acting Dean of MIT shall be empowered to select a qualified and impartial individual who shall act as arbitrator for such claims or disputes. Claims in excess of \$50,000, or potentially in excess of that amount where the claim is not specific, shall be heard by a three-member arbitration panel appointed in the same manner. Arbitrators shall be compensated at the prevailing rate in Boston, MA, with the parties each bearing one-half of the costs, expenses and fees and payable prior to the final hearing on any dispute or claim referred to arbitration. The arbitrator or arbitrators shall be empowered to formulate reasonable procedures for fact-gathering (discovery) and shall determine the respective rights and claims of the parties based upon Massachusetts substantive law. In the event that the Dean declines a request by either or both parties to appoint such arbitrator(s), then the dispute shall be referred to the Boston, MA office of the American Arbitration Association for arbitration pursuant to that body's applicable rules. Regardless of the manner in which the arbitrator(s) is/are chosen, each such individual shall be a member of the Massachusetts Bar with at least five year's membership in the legal profession. Any arbitration award made by the arbitrator(s) shall include written findings of fact and conclusions of law. Notice of demand for arbitration shall be made in writing to the other party within a reasonable time after the claim or dispute in question has arisen. In no event shall demand for arbitration be made later than one year after a party's claim has arisen or the facts giving rise thereto were reasonably discoverable, whichever is later, and any claim asserted thereafter shall be deemed conclusively barred.

32. Confidentiality. It is acknowledged by the parties hereto that Student will necessarily gain knowledge and have access to confidential information, as well as personal and private matters involving the _____ fraternity and its members, which should not be disclosed to anyone who is not a member or representative of the fraternity. Accordingly, Student agrees and promises not to discuss or otherwise disclose any ceremonies, procedures, business or activities of the fraternity or any of its members during his enrollment at MIT and thereafter.

33. Entire Agreement. This Agreement and the "Chapter Rules" incorporated herein by reference, set forth all the covenants, promises, agreements, conditions, and understandings between the Chapter and Student concerning the premises and the other subject matter covered by this Agreement. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Agreement shall be binding upon parties unless reduced to writing and signed by them. This Agreement shall be governed and interpreted in accordance with Massachusetts law as well as in conformity with the laws of _____ fraternity and the rules and regulations of MIT.

IN WITNESS WHEREOF, The Chapter, the Student, and the Student's undersigned parent(s) or legal guardian(s) have caused this contract to be executed.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES

_____ CHAPTER OF _____ FRATERNITY

Date: _____

By: _____
Chapter President

Chapter Treasurer

Student

Parent or Legal Guardian

Copies to:
Lessee
Chapter
Alumni House Corporation
Parent(s) or Guardian(s)

SAMPLE SUMMER ROOM LICENSE

FSILG CHAPTER NAME:

ADDRESS:

DATE:

The _____ chapter of _____, hereafter referred to as the "Licensor" or the "House", hereby gives a license to _____ ("Licensee") to use the designated room determined by the House Manager of the House (the "Room", or "Licensed Premises") at _____ in the City of _____, Massachusetts, for a period beginning on _____ and ending on _____, subject to the terms and conditions of this License. No provision of this License shall create a lease or other interest in real estate, the parties agreeing that this is a revocable License only.

LICENSE FEE – Licensee agrees to pay a license fee in an amount depending on the room designated by the House Manager for Licensee’s use during the summer, payable on the dates and in the installments listed below:

Prior to x/xx/xx	\$xxx deposit
Prior to x/xx/xx	\$xxx
Prior to x/xx/xx	\$xxx
Prior to x/xx/xx	\$xxx

House Manager will notify Licensee in writing of the Room and the exact amount of the License Fee and number and amount of installments and/or before the beginning of the License term, in the form attached as Attachment 1, which shall be deemed to amend this Agreement.

THE LICENSOR AND LICENSEE FURTHER COVENANT AND AGREE:

1. USE OF LICENSED PREMISES; DEPOSIT

- a. The Licensed Premises are to be used solely as the primary place of residence and not for the conduct of any solicitation, sale, promotion, or other business or illegal activity or any other purpose. The Licensee shall not make any additions or alterations to the Licensed Premises, nor paint it, without prior consent of the House Manager in writing, and upon termination of the License shall deliver up the Licensed Premises and all property belonging to the Licensor in good, clean condition. The Licensee shall pay for any damages caused by him or her to the property of the Licensor.
- b. The Licensee shall maintain the Licensed Premises in a clean condition and shall dispose of rubbish or waste in proper receptacles. The Licensee shall be responsible for maintaining the local hallway and bathroom associated with the room(s) specified above and for maintaining the common areas. The Licensee is required to participate in periodic and scheduled clean-up. No receptacles, vehicles, or other articles or obstructions shall be placed in halls, passageways, or other common areas of the House. Failure to fully complete a scheduled clean up may result in a fine of _____ (House Manager's discretion).

- c. Rooms shall be assigned with the discretion of the House Manager.
- d. Neither the Licensee nor his visitors shall make any unlawful, noisy, or otherwise offensive use of the licensed premises, nor permit any nuisance to exist thereon. Licensee is to conduct him/herself in a manner, which does not interfere with the comfort, safety, health, welfare or convenience or neighbors or other residents or licensees. The Licensor and the Licensee shall abide by all housing regulations of the City of _____, the House, and the Commonwealth of Massachusetts and all applicable rules and regulations of the House.
- e. Upon expiration or termination of the License, the Licensee shall deliver the keys of the Licensed Premises to the House Manager. Locks shall not be changed, altered, or replaced, nor shall new locks be added by the Licensee without permission from the House Manager.
- f. Parking at the House or other premises of the Licensor is prohibited without the permission of the House Manager.
- g. No pet or other animal shall be kept in or upon the Licensed Premises without the consent of the Licensor; consent can be revoked at any time.
- h. The Licensee shall not assign this License nor sublicense any part or the whole of the Licensed Premises, nor permit the Licensed Premises to be occupied for longer than a temporary visit by any one except the individual specified above.
- i. The Licensor agrees to furnish electric lighting to the Licensed Premises, and to allow Licensee to use the common kitchen facilities at the House Manager's discretion.
- j. The Licensor acknowledged receipt from the Licensee of \$xxx to be held by the Licensor during the term of the License, as security for full, faithful and punctual performance by the Licensee of all covenants and conditions of this License. The Licensor will return said deposit after deducting the amount of any damages caused by the Licensee or any other person to the Licensed Premises or less any unpaid license fees or fines.
- k. The presence of vermin, cockroaches or other pests in the Licensed Premises or in the Building, or Licensor's failure to perform any service, shall not be reason for reduction, abatement or withholding of the License Fee and no adjustment or other compensation shall be claimed by Licensee for inconvenience or discomfort arising from the making of repairs or improvements to the Licensed Premises or the building or to any appliance.

2. LICENSEE'S GOODS

- a. Licensee understands and agrees that it shall be his own obligation to insure his personal property.
- b. All personal property in any part of the building shall be at the sole risk of the Licensee. The Licensor shall not be liable for damage to or loss of property which may be lost or

stolen, damaged or destroyed by fire, water, steam, defective refrigeration or otherwise, while on the Licensed Premises or in any storage space in the building.

- c. Licensee agrees that if the Licensor shall remove the Licensee's goods or effects, pursuant of the terms hereof, the Licensor shall not be liable or responsible for any loss or damage to the Licensee's goods or effects.

3. ENTRY; REVOCATION

- a. The House Manager may enter the Licensed Premises at times or in case of emergency to examine the condition thereof or to make repairs thereto or for extermination of vermin, cockroaches or others pests; and at his election the House Manager may paint, clean, redecorate, or replace or install pipes, wires, coverings, and plumbing and heating equipment or make repairs to the Licensed Premises.
- b. Licensor may revoke this License at will at any time upon 5 days notice to Licensor or immediately for cause, including without limitation if Licensee shall fail to comply with any condition or agreement expressed herein.
- c. In the event that the Licensee occupies the Licensed Premises for any less time than the full term stated above, Licensee shall remain liable for full fee stated above.

4. MISCELLANEOUS

If any provision of this license is held invalid, the remainder of the License and the application thereof shall not be affected.

IN WITNESS THEREOF, the said parties have set their hands and seals the day and year first above written; and said Licensee states under the pains and penalties of perjury that said Licensee is over the age of eighteen (18) years.

House Manager

X_____

X_____

Licensee

X_____

The above signed understands and agrees to the terms and conditions of this license, including the payment schedule, and also to accept and carry out in good faith the responsibilities stated above.

Attachment 1 - Notice of Room and License Fee

Notice of Room and License Fee

Memorandum to: _____

From: _____, House Manager

Re: Room License, _____ House

Date: _____

This is to notify you that the room you may occupy under the terms of your License Agreement dated _____ 20__, is Room _____ on the _____ floor of _____ (address). Your License Fee is a total of \$_____, payable in installments listed below:

Prior to x/xx/xx	\$xxx deposit
Prior to x/xx/xx	\$xxx
Prior to x/xx/xx	\$xxx
Prior to x/xx/xx	\$xxx

Please initial below your agreement to these terms, which shall amend the terms of your License Agreement.

Agreed to:

Licensee

Date

Accounting Procedures

“Organization” is a key word to the treasurer. An unorganized treasurer tends to be inefficient, which is unhealthy for any organization. The first step in being efficient is setting up record keeping in a proficient way. Every chapter has certain ways of doing this in accordance with specific rules set by its alumni and inter/national organization. There are, however, some general guidelines that most treasurers should take into consideration.

The following are important for accurate record keeping:

Balanced Checkbook: a checkbook which is kept balanced and reconciled as often as necessary is mandatory. Depending on the system, this may be part of the cash disbursements journal. But it is important to have as many cross references as possible as a controlling factor.

Organized Physical File System: some sort of filing cabinet for old record keeping is very important. By LAW, your chapter must keep all of it's financial records for at least 7 years. Considering the high turnover of college students, this is hard to maintain between room changes and the general year round shuffle. A central file cabinet devoted for chapter finances is encouraged. Within this cabinet it is a good idea to have multiple "paid bills" files for each company your regularly write checks to (e.x. electric, gas, etc.). Separate files to organize receipts from chapter members is also a good idea. It is a good idea to take all the bills and receipts from previous years and store them in a separate area. This will avoid confusion and take up less space in your main cabinet as well.

Organized Records and Reports: It is important to have the ability to make various spending reports and keep accurate track of a member's balance and past payment history. Currently almost every chapter uses either MS Excel or QuickBooks to keep track of records. All chapters are encouraged to keep their financial information on QuickBooks. The program allows very easy creation of various reports, easily creates bills and statements and is very easy to manage and maintain. No matter what program is used it is important to keep backups on disk as well as printouts of all expenses stored in binders for easy access.

We emphasize how important it is to keep accurate records. Control of the situation is essential to the running of a successful operation. In fact, you are in command of an actual business. Even though it is non-profit, your calling is to keep your business above a deficit level by paying bills on time, collecting all accounts receivable, and any other specific jobs you, as treasurer, might have. The better laid out your records are the easier time you will have doing your job, especially when chaos arises and you need to know off the top of your head where to go to find the necessary information.

Since we are dealing with many organizations here on campus, there is no way we can tell you how to do your books. As long as there is a systematic, consistent method your chapter is using, and you are following it as accurately as possible, you are on your way to having an efficient accounting system. There are always ways of improving record-keeping. An efficient set-up is not made overnight but as the treasurer of your chapter it is your responsibility to do your best in trying to achieve it. Think of how you would feel if your predecessor left you the books totally unorganized. So take it upon yourself to try to keep up the books through your term, and your successor will have an easier time adjusting and following in your footsteps.

Files--What to Keep, What to Throw Away

As treasurer you soon accumulate a large volume of records. Business records, especially those that are thick and bulky, should be disposed of as soon as they outlive their usefulness. Often we get cold feet and keep everything for fear we will throw out an important archive or valuable tax or legal document. However, by systematically following the checklist below you should be able to determine which records to retain permanently and still reduce the number of records you have in your files.

Keep Indefinitely

*Certain items should be kept **INDEFINITELY** and in a safe place free from potential fire or flood damage. They are:*

- Audit reports
- General ledgers and journals
- Bylaws, charter and record books of minutes
- Cash books
- Capital stock and bond records (including stock certificates and transfer lists)
- Checks (taxes, property and fulfillment of important contracts)
- Contracts and agreements
- Deeds and easements
- Labor contracts
- Proxies
- Tax returns and working papers
- All legal and tax correspondence
- Property insurance policies obtained locally
- All records pertaining to accounts receivable of members (until account is cleared)
- Property records relating to cost of property or any permanent improvements to the property as long as property is still owned.
- Any reports or correspondence relating to any of the above

Keep for at least 10 years:

- All insurance claims (after settlement)

Keep for at least 8 years:

- Checks (payroll and general)
- Payroll (individual time reports and earnings records)
- Vouchers (for payment to vendors, employees, etc.)
- Mortgages, notes and leases (expired)
- Insurance--group and disability records
- Insurance--safety reports

Keep for at least 7 years:

- Canceled dividend checks
- Expense Reports
- Subsidiary ledgers (including accounts receivable & accounts payable ledgers)
- Trial balances (monthly)
- Correspondence relating to purchases
- Insurance—accident reports
- Insurance--fire inspection reports
- Personal—contracts (expired), daily time reports, disability and sick benefits records, personnel files (terminated) and withholding tax statements

Keep for at least 3 years:

- All bank statements and deposit slips
- Payroll (time cards)
- Purchase orders, requisitions, sales contracts and sales invoices

Keep for at least 2 years:

- All general correspondence

CONSUMER'S GUIDE TO SMALL CLAIMS COURT

Executive Office of
Consumer Affairs and Business Regulation
One Ashburton Place, Boston, MA 02108

SMALL CLAIMS COURT FUNCTIONS

If you are unable to resolve your complaint through self-help or local consumer group mediation, you may wish to use the Small Claims Court. Known popularly as the people's court, this informal and inexpensive forum is designed to help you settle disputes of \$1500 or less without the aid of an attorney. An exception to the \$1500 maximum is made for property damage caused by a motor vehicle. If an action is one for which double or treble (triple) damages are permitted by law, the limit may be increased to \$3000 for double damages and \$4500 for treble damages. The law also provides for double or treble damages plus costs and attorney fees in certain landlord/tenant situations and actions brought under Chapter 93A.

If your claim is only slightly in excess of \$1500, you may still decide to sue for the \$1500 in Small Claims Court to avoid the costly and lengthy court battle in a higher court. If your claim is greatly in excess of \$1500 you may wish to retain the services of an attorney and sue in another court.

By choosing a Small Claims Court, you waive all right to a jury trial. Furthermore, it is only in very specific instances that you have the right to appeal to a higher court if the Judge does not find in your favor. The Defendant always has the right to appeal.

The atmosphere of Small Claims Court is informal and the rules of the Court are simple. You can sue or be sued in this Court without being represented by a lawyer, because the more formal procedures characteristic of other courts are not required. As the Plaintiff, or person suing, you are allowed to present your own evidence and speak in layperson's terms. A Plaintiff under 18 years of age must be accompanied by a parent or guardian who may sue on behalf of the minor. Non-lawyers are allowed to assist parties in the presentation of defense of their cases when, in the judgement of the court, such assistance would facilitate the presentation or defense. The Defendant, or person being sued, has the same right to present his own case and have the assistance of non-lawyers.

If the other party has a lawyer, you are not necessarily at a disadvantage because you are representing yourself. The participation by lawyers representing parties may be limited in a manner consistent with the simple and informal adjudication of the controversy. It is the Judge's duty to ensure all parties a fair hearing.

As of September 1, 1983, new Uniform Small Claims Rules govern all procedures in small claims cases. This pamphlet has been updated to reflect the new rules.

For further information, contact:
Small Claims Advisory Service,
Phillips Brooks House,
Harvard University,
Cambridge, MA 02138
617/497-5690.

DIRECTORY OF SMALL CLAIMS COURTS

SUFFOLK COUNTY

Municipal Court of the City of Boston
Old Court House, Pemberton Square, Boston 02108
617/725-8000
Boston, all of Suffolk County

MIDDLESEX COUNTY

Third District Court of Eastern Middlesex
40 Thorndike Street, East Cambridge 02141
617/494-4315
Arlington, Belmont, Cambridge

Tax Guide

Chapters with cooks and/or house managers must fill out all of the tax forms below.

Chapters with neither a cook or house manager must only fill out the Federal 990. It is a good idea for chapters to switch to programs such as those offered by QuickBooks or Interpay.com which automatically write checks for employees and handle all associated taxes. This will make a treasurer's job MUCH simpler and give you time to focus on other things.

General Tax Introduction

(Please refer to www.irs.gov and www.mass.gov for all applicable forms and instructions)

This section of the FSILG Treasurer's Handbook is meant to be a tax resource for treasurers.

These are some important items for treasurers to remember when filling out tax forms:

- Never assume that the IRS is always correct. If they send you a notice requesting money it is good to investigate that request and make sure it is valid before mailing a check. The IRS is not out to get you, but they can have bad records sometimes.

- Use the timetable to your advantage. The IRS gives you ample time to complete required tax forms. Start early and then take your time.

- Don't get frustrated with the forms. If this book does not successfully answer your questions do not hesitate to call your local tax office for assistance. Believe it or not, they can be quite helpful.

Tax Calendar (approximate)

Date	Federal Tax Calendar	Massachusetts Tax Calendar
January 31	<ul style="list-style-type: none">• File Form 940• File Form 941• Give each employee a W-2	<ul style="list-style-type: none">• File Form M-941• File Employee Division of Employment and Training Form (DET 1)• File Form WR-1
February 15	<ul style="list-style-type: none">• Ask for a new W-4 from each employee whose withholding status may have changed	
February 28	<ul style="list-style-type: none">• File Form W-3 with the Social Security Administration and include Copy A of all W-2 forms for employees	
April 30	<ul style="list-style-type: none">• File Form 941	<ul style="list-style-type: none">• File Form M-941• File Employee Division of Employment and Training Form (DET 1)• File Form WR-1

July 31	<ul style="list-style-type: none"> • File Form 941 	<ul style="list-style-type: none"> • File Form M-941 • File Employee Division of Employment and Training Form (DET 1) • File Form WR-1
October 1	<ul style="list-style-type: none"> • All employees must file a new W-4 with you 	
October 31	<ul style="list-style-type: none"> • File Form 941 	<ul style="list-style-type: none"> • File Form M-941 • File Employee Division of Employment and Training Form (DET 1) • File Form WR-1
November 15	<ul style="list-style-type: none"> • File form 990 - for tax exempt organizations whose fiscal year end is June 30 	

Instructions for Completing Form 990

<http://www.irs.gov/pub/irs-pdf/f990.pdf>

These instructions are based on accumulated totals derived from the suggested "Monthly Report" which is attached. This report is useful as an aid in the formation of quarterly budgets, etc. as well. Complete the form at the end of each month, and save it for the completion of the 990.

Page One

Box A	Enter fiscal year.
Box B	Check appropriate boxes only if applicable*
Box C	Enter address and name information.
Box D	Enter CHAPTER's federal ID number.
Box E	Enter phone number.
Box F	Blank
Box G	Check the first box and enter the number "7."
Box H	Check "no" for both responses.
Box I	Blank
Box J	Check "cash"
Box K	Check Box
Box 1a	Enter total of I(A) and I(D) from monthly reports.
Box 1b	Blank
Box 1c	Blank
Box 1d	Self explanatory
Box 2	Enter total of I(F)(1) and (2) from monthly reports.
Box 3	Enter total of I(B)(1), (2), and (3) from monthly reports.
Box 4	Enter total of I(C) from monthly reports.
Box 5	Enter dividend income, if any.
Box 6a	Summer Boarder Income.
Box 6b	Blank
Box 6c	Amount in Box 6a
Box 7	Probably 0, but may not be.
Box 8	Probably 0 for a - d.
Box 9	Refer to specific IRS instructions.
Box 10a	Enter total of I(E) from monthly reports.
Box 10b	Enter total of II(D) from monthly reports.
Box 10c	Subtract b from a.
Box 11	Enter total of I(G)(1) and (2) from monthly report.
Box 13-21	Self Explanatory

***Important:** Organizations should file Final Returns when they **cease** to be section 501(a) organizations or section 527 organizations; for example, when they cease operations and dissolve. See the instructions for line 79 that discuss liquidations, dissolutions, terminations, or substantial contractions.

Page Two Part II (only fill out column A) and Part III (optional)

Box 22	If your chapter gives out Scholarships enter total amount here.
Box 23	Probably 0. (read IRS instructions)
Box 24	Probably 0.
Box 25	Enter total of II(C)(1) from monthly reports.
Box 26	Enter total of II(B)(1) from monthly reports. (after taxes).
Box 27	Probably 0 - unless you give pension plans to employees
Box 28	Probably 0 - unless you give benefits to employees (ex insurance, health).
Box 29	Enter total of II(B)(2) from monthly reports.
Box 30	Probably 0 - unless you use a professional fundraising agency.
Box 31	Enter total of II(C)(2) on monthly reports.
Box 32	Enter total of II(C)(2) on monthly reports.
Box 33	Enter total of II(B)(7) on monthly reports.
Box 34	Enter total of II(B)(6) on monthly reports.
Box 35	Enter total of II(C)(3) on monthly reports.
Box 36	Enter total of II(B)(4) on monthly reports.
Box 37	Enter total of II(B)(5) on monthly reports.
Box 38	Probably 0 - unless you pay for your own newsletter.
Box 39	Enter total of II(C)(4) on monthly reports.
Box 40	Probably 0.
Box 41	Enter total of II(B)(3) on monthly reports.
Box 42	Probably 0 - unless chapter has depreciable assets.
Box 43	Itemize Categories of II(B)(8) and II(C)(5) from monthly reports.
Box 44	Sum total.

Page 3 Part IV

In most cases, this part will be used to describe the nature and amount of receipts from room rentals and meals (program service revenue column) and miscellaneous income from other sources (other revenue column). The total online (f) must agree with Line 2, Part I. The total on line (g) must agree with Line 11, Part I.

Column A: All lines should be entered from ending balances reported on last year's Form 990. If not known enter "not available."

Box 45	Enter the amount from line (D) of year ending monthly report.
Box 46	Enter the amount from line (A) of year ending monthly report.
Box 47	Enter the amount from line (F) of year ending monthly report.
Box 48-58	Probably 0. (read IRS instructions for special cases).
Box 59	Sum above or Enter amount from line (G) of year ending monthly report.
Box 60	Enter the amount from line (H) of year ending monthly report.
Box 61-63	Probably 0.
Box 64	Enter the amount from line (I) of year ending monthly report.
Box 65	Probably 0.
Box 66	Enter the amount from line (J) of year ending monthly report.
Box 67-69	Check box that indicates chapter does not use fund accounting.
Box 70-72	Probably 0.

Box 73	Self Explanatory
Box 74	Self Explanatory

Page 4 - Parts IV-A (blank), IV-B (blank), Part V (fill out)

Part V	List major officers including treasurer and corresponding address and fill out columns (B) and (C)
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Page 5 - Part VI

Box 76	No
Box 77	No
Box 78	Probably No.
Box 79-80	Probably No.
Box 81a	None
Box 81b	N/A
Box 82	No.
Box 83	N/A
Box 84	Self Explanatory.
Box 85	No.
Box 86	Self Explanatory.
Box 87	Blank
Box 88	No.
Box 89	Blank
Box 90a	Enter Massachusetts.
Box 90b	Probably 0,1 or 2.
Box 91	Enter Treasurer's Information.
Box 92	Blank

Page 6 Part VII (copying from part I), Part VIII (optional), Part IV

Box 93	Corresponds to Amounts in Part I on Line 2
Box 94	Corresponds to Amounts in Part I on Line 3
Box 95	Corresponds to Amounts in Part I on Line 4
Box 96	Corresponds to Amounts in Part I on Line 5
Box 97	Corresponds to Amounts in Part I on Line 6c
Box 98	Corresponds to Amounts in Part I on Line 6c
Box 99	Corresponds to Amounts in Part I on Line 7
Box 100	Corresponds to Amounts in Part I on Line 8d
Box 101	Corresponds to Amounts in Part I on Line 9c
Box 102	Corresponds to Amounts in Part I on Line 10c
Box 103	Corresponds to Amounts in Part I on Line 11
Box 104	Simple Sum.
Box 105	Simple Sum.

Make sure to finish with Signature and Date.

Form 941

<http://www.irs.gov/pub/irs-pdf/f941.pdf>

Any chapter that employs a cook or a house manager on a full or part time basis must file the 941 quarterly in order to report all wages and/or bonuses paid to the employee(s) of record during the stated time period. These are filed by the 30th or 31st of the month following the stated time period.

Determining Amount of Withholding:

For each employee use the tables found in the Circular E Tax Guide. First find the wages paid at the left of the table and the number of allowances claimed by the employee (from the W-4) at the top of the table. Then simply get the intersection of this column and row and you have found the amount that must be withheld on each paycheck.

Directions:

Box 1	Enter 1 or 2.
Box 2	Amount Paid during this period.
Box 3	Total Amount withheld as determined above.
Box 4	Used to make corrections from previous quarter
Box 5	Sum Lines 3 and 4.
Box 6a	Social Security withheld (same as in Box 2).
Box 6b	6a multiplied by some given number on the 941.
Box 6c	Taxable Tips (probably zero).
Box 6d	6c multiplied by some given number on the 941.
Box 7a	Taxable Medicare wages and tips (same as in Box 2)
Box 7b	7a multiplied by some given number on the 941.
Box 8	Sum of 6b, 6d and 7b.
Box 9	Probably zero.
Box 10	Box 8 minus Box 9.
Box 11	Total Taxes - sum Box 5 and Box 10.
Box 12	Probably zero.
Box 13	Subtract Box 12 from Box 11
Box 14	Previous Adjustment (hopefully blank)
Box 15	Subtract Box 14 from Box 13
Box 16	If Box 14 is more than Box 13 enter excess and choose overpayment option.
Box 17	Sum amount paid per quarter

Sign, date and mail the form to your local IRS Center (listed at the end of the IRS instructions for each form). If your net taxes (box 13) are more than \$1000 or more for the quarter, you must deposit your tax liabilities at an authorized financial institution with *Form 8109*.

Some things to remember:

- Don't forget to write your Federal Tax Identification number on all items that are sent with the package (including the check to pay the taxes). Budget for the portion of Social Security Taxes that you must pay.
- If you find that a mistake was made after you've filed the 941 it can be amended by filing the 941c with the necessary corrections.
- If you file late, attach an explanation of why the form is late and you may not be penalized. Otherwise, interest will be charged on unpaid taxes and other penalties could result.

Form 940 EZ

<http://www.irs.gov/pub/irs-pdf/f940ez.pdf>

Form 940-EZ is due by January 31st of the each year.

Directions:

Part I

Box 1	Total Payments in wages before Taxes.
Box 2	Probably 0.
Box 3	Self Explanatory (sum).
Box 4	Self Explanatory (sum).
Box 5	Self Explanatory (sum).
Box 6	Self Explanatory (multiplication).
Box 7	Probably 0.
Box 8	Self Explanatory (difference).
Box 9	Self Explanatory (difference).

Part II

Self Explanatory

- Sign and write check for amount in Box 8 paid to the IRS.
- Mail to the IRS with payment at:
P.O. Box 371324
Pittsburgh, PA 15250-7324

Form W-2

A W-2 form must be completed for each of your employees at the end of the calendar year. It is simply a summary of the total wages you paid them in the year as well as all of the income and social security taxes you withheld. Each W-2 form has six copies attached to it and when it is completed, carbon paper should be placed between each copy to save time.

Deadlines:

Copies B,C and 2 of the W-2 should be given to your employees by Feb. 1st, or any time before then.

Directions:

Box a	Control Number, leave blank
Box b	Your IRS Employers Identification Number
Box c	Your Address
Box d	Employee's Social Security Number (<i>obtained from previous W-4</i>)
Box e	Employee's Name (<i>obtained from previous W-4</i>)
Box f	Employee's Address (<i>obtained from previous W-4</i>)
Box 1,3,5	Total Wages paid - before Taxes.
Box 2	Total Federal Income Tax Withheld (as determined by Circular E Guide)
Box 4	Total Social Security Tax Withheld
Box 6	Total Medicare withheld.
Box 7-15	blank
Box 16	MA and Employers state ID Number.
Box 17	Total Wages paid - before Taxes.
Box 18	State Income Tax paid.
Box 19	blank.
Box 20	blank.
Box 21	blank.

Form W-3

A W-3 form must be filed with copy A of form W-2 that is sent to the federal government. It should be filed by February 28th.

Directions: The W-3 should have all of the same information as the W-2 with check box *941* marked.

Form M-941

This is the state version of the Federal 941.

Determining Amount of Withholding:

For each employee use the tables found in the MA Circular E Tax Guide. First find the wages paid at the left of the table and the number of allowances claimed by the employee (from the W-4) at the top of the table. Then simply get the intersection of this column and row and you have found the amount that must be withheld on each paycheck.

Box 1	Total amount deducted.
Box 2	blank.
Box 3	Same as Box 1.
Box 4	blank.
Box 5	blank.
Box 6	Same as Box 1.

Form W-4

Every year each of your employees should complete a W-4 form as soon as they begin work. Once the number of allowances is determined, this number is useful to compute the amount of income tax to withhold from their pay.

If an employee claims exemption from Federal Income Tax on the W-4 (lines 6a, b, c) then no income tax is withheld from their paycheck. Only Social Security taxes are then withheld and reported on the 941 and 940.

the W-2 form must be completed and delivered to each of your employees by January 31st of each year. It is simply a summary of their entire payroll record for the year.

Form D.E.T. 1

The D.E.T. 1 form must be turned in Quarterly (one month after the end of each quarter). The directions for filling this out are general very good and self explanatory. The amount of Gross Wages in Box 1 should match that on the WR-1.

From WR-1

The WR-1 must be filed one by the 15th calendar day following each calendar quarter. This form lets the State Department of Revenue know how much you paid your employee for the quarter.

Directions:

- Total number of pages (top left): Self explanatory.
- Total number of employees reported (top right): Self explanatory. Probably 1 - chef.
- Total Wages Reported (top right): Sum of all wages paid this quarter.
- List "Wages Paid this Quarter" for each employee.
- Sign the bottom.