

Alpha Delta Kappa

FINANCE GUIDE FOR TREASURERS

REVISED JULY 2022



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Welcome

Welcome and congratulations on being elected to serve as Treasurer of your chapter or S/P/N for Alpha Delta Kappa! Alpha Delta Kappa depends on leaders like yourself and could not succeed without you! As treasurer, you will account for the money received, spent and invested by the chapter; manage the finances and budget; and make required payments and report on time.

This guide is updated annually and provides information that applies to chapter, districts, and S/P/N Treasurers. The guide provides information that is recommended, but not the only way to record financial information. If you are successfully and accurately capturing and recording financial information and can accurately report your year-end financial information annually to Headquarters as needed, you do not need to modify your current practices. Accurate reporting means that you are collecting and recording your receipts and making sure your balance sheet balances as well as complying with Headquarters' and IRS filing requirements.

2022 Significant Finance Guide Updates:

- Name changed from Financial booklet to finance guide.
- 501(c)(7) organizations cannot receive more than 35% of total revenue from nonmembers. Financial forms have been edited to calculate the %.
- Cash flow Chapter Tracking form has been updated with a new due date of August 30 (effective 2023)
- Updated the International dues process to include online and check paying options.
- Instructions have been added on how to complete the treasurer finance reports.

Treasurer Duties and Responsibilities

Bank Account, recordkeeping and disbursements

- Account for the money received, spent and dispersed.
- Reconcile bank statement to checking account each month.
- Keep scholarship funds in a separate bank account.
- Pay all invoices by check/electronic transfer. Keep itemized records of all receipts for each expense.
- Keep expenses within the approved budget (budget may be revised as needed by the executive board).

Processing Dues Payments

- Encourage members to pay International dues online
- Chapter treasurer sends S/P/N dues to the S/P/N treasurer and district dues to district treasurer.
- S/P/N treasurer, collect International dues from sustaining members and send to headquarters.
- Chapter treasurer sends the ITE payment to Headquarters by January 1.

Budget

- Prepares a draft budget for approval of the delegates at the S/P/N convention.
- Prepare a treasurer report for each meeting.
- Make the records available for audit/financial review.

IRS Exempt Organization Reporting Requirements

AΔK International Organization and AΔK Foundation are 501(c)(3) charitable organizations under the IRS (Internal Revenue) Code. States and chapters within the United States and Puerto Rico are 501(c)(7) non-profit organizations, exempt from federal income tax, but **not** sales tax. Donations made to a 501(c)(7) are **not** tax deductible.

Note ** Provinces and nations are subject to their respective tax laws and requirements. Canadian chapters do not pay provincial or federal taxes.

UNDERSTANDING THE DIFFERENT IRS CATEGORIES

501(c)(3) AΔK International/AΔK Foundation	501(c)(7) Chapters, States, Districts
Recognized by IRS as a charitable and educational purpose	Recognized as a nonprofit, Social Club
Federal tax-exempt and sales tax exemption in most states.	Federal tax-exempt; not sales tax exempt
International Dues are deductible.	State, District, Chapter dues not deductible.
Charitable donations are tax deductible	Charitable donations are not tax deductible



As 501(c)(7), States, Puerto Rico and chapters cannot receive more than 35% of total revenue from nonmember sources. If you receive a financial gift or grant from a nonmember source that would exceed the 35% IRS rule, please contact the Executive Director at headquarters.

Headquarters monitors changes with the IRS regulations and will notify officers when reporting processes may change.

Fiscal year tax: June 1-May 31



States, Puerto Rico and chapters fiscally align with AΔK International Organization and AΔK Foundation. Everyone has the same deadlines for filing and reporting and officers are equipped to manage the fiscal responsibility to and protect the nonprofit status of Alpha Delta Kappa.

International chapters, provinces and nations follow the same deadlines for documents, but follow their respective tax laws and requirements

If your chapter or S/P/Ns fiscal year is different, you must write the IRS a letter stating your name, title, chapter or S/P/N name and EIN number and say that in filing the 990-N the incorrect fiscal year was listed for your chapter and request that the fiscal year be changed to June 1 to May 31.

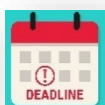
Send the letter to: International Revenue Service
TE/GE, EO Determinations Office Room 4024
P.O. Box 2508
Cincinnati, OH 45201.

If you have technical problems, call the IRS technical support at 800-829-4933 7 a.m. to 7 p.m. local time
If you have questions, call Headquarters at 1-800-247-2311.

IRS Reporting Requirements:

States in the United States and Puerto Rico file with the Internal Revenue Service (IRS). There are two categories for reporting/filing: **under \$50,000 and over \$50,000** in gross receipts. This is a legal requirement by the IRS. Failure to do so could result in losing nonprofit status.

- Form 990-N e-postcard if gross receipts are less than \$50,000.
- Form 990 or 990-EZ if gross receipts are more than \$50,000.
- Form 990-T if fundraising for chapter operations from non-members and/or interest earned is \$1,000 or more.



Due Date: October 15 Fifteenth day of the fifth month following the close of the fiscal year

Gross receipts of less than \$50,000 must file form 990-N, electronic notice, also known as the e-Postcard.

1. Gross receipts are the total amount of revenue received from all sources during the fiscal year, without subtracting any costs or expenses.
2. Gross receipts are normally \$50,000 or less if the organization:
 - Has been in existence for 1 year or less and received, or donors have pledge to give, \$75,000 or less during its first taxable year.
 - Has been in existence for 1-3 years and averaged \$60,000 or less in gross receipts are \$60,000 or less.
 - Has been in existence for greater than 3 years and averaged \$50,000 or less in gross receipts for the past three years.

Filing the 990-N e-Postcard (gross receipts less than \$50,000):

1. Must be filed electronically; IRS does not accept paper copies.
2. Follow the directions on IRS Publication 5248:
Location: Alpha Delta Kappa website > Members only > Resource Library > Chapter Officers > Chapter Financial
3. <https://sa.www4.irs.gov/epostcard/secure/home/>
 - If you don't have your login ID from last year, register as a new user.
 - Once you are logged in, add your chapter or state EIN to your profile.
 - Click "Create New Filing."
4. Penalty for failure to file annual reports: The IRS will revoke the tax-exempt status of a chapter or S/P/N who fails to meet the annual filing requirement for three consecutive years. A penalty fee (\$600) will have to be filed and paid to request reinstatement.

Gross receipts of \$50,000 or more are required to file the more extensive Form 990 or 990-EZ. For any year not meeting the Form 990-N guidelines, the chapter or S/P/N must file Form 990EZ or Form 990. (Current forms are available at www.irs.gov).



****As IRS reporting can be complicated, it is recommended to consult with a tax advisor if filing form 990, 990-EZ or 990-T.**

If the services of a professional tax preparer are obtained, make sure to obtain a fee quote and the chapter board approval prior to the preparation of tax returns.

Form 990 EZ - Short Form Return of Organization Exempt From Income Tax

The guidelines are for any year that the organization failed to be eligible to file the 990-N. If annual income (not averaged) is over \$200,000, then the organization must file a Form 990.

Form 990-T Exempt Organization Business Income Tax Return

1. Not required to file if Unrelated Business Income (UBI) is less than \$1,000
2. Required to file if UBI is \$1,000 or more. What is UBI?
 - a. EXCLUDES bequests or contributions
 - b. EXCLUDES ALL Fundraising efforts directed only to members
 - c. EXCLUDES all S/P/N scholarship fees assessed to members
 - d. UBI includes income from investments, interest income from checking accounts, certificates of deposit or mutual funds, advertising income from directories and other publications.
 - e. Includes gross profits (defined as gross sales less cost of goods sold) from regularly carried on Fundraising activities to (non-members)
 - Example — Fundraising program to non-members selling t-shirts:

Sales Receipts	\$1,900
<u>Cost of Goods Sold</u>	<u>\$800</u>
Gross Profits	\$1,100
3. Determine federal and state tax liability on your unrelated business income, if any
 - a. Subtract expenses directly related to that income, for example, investment advisor fees from investment income
 - b. A specific \$1,000 deduction further reduces the amount of taxable income, if any
 - c. Even if tax liability is reduced to zero, must still complete and file Form 990-T
4. Options available to the S/P/N in the use of UBI:
 - a. You may set aside or designate net investment income to an AΔK S/P/N scholarship program or a 501 (c) (3) entity of your choosing; thus, reducing any potential tax liabilities.
 - Set aside approval should be documented in the executive board's minutes as well as the financial records.
 - Approval must be given annually.
 - Set aside monies need not all be spent each year, but they must be retained in separate bank account. Balances may NOT unreasonably accumulate over time.
 - b. You may not set aside gross profits from regularly carried on fundraising efforts to non-members.

- c. You may use up to \$1,000 of UBI on operating activities, scholarship program, or donation to a 501(c)(3) entity.+
- d. The use of the amount in excess of \$1,000 depends on the source. Consult your local CPA for guidance on your specific case.

Example 1:

Current Year's Gross Profits as defined above.	\$900
Current Year's Net Investment	
Income on Scholarship Account	\$0
Current Year's Net Investment	
Income on General Account	<u>\$200</u>
Total	\$1,100

Must set aside a minimum of \$100.00 in net investment income to scholarship account and write a separate check from the operating account to scholarship account. It may however, set aside more to the scholarship account if it so chooses. Once net investment income is transferred to scholarship account, it must remain there.

Result: No federal or state tax liability because up to \$1,000 in UBI is exempt from tax, and the excess over \$1,000 was set aside to S/P/N scholarship program or to 501(c)(3) entity.

Fees on interest and investment income can be subtracted from investment income in order to determine UBI.

Example 2:

Current Year's Gross Profits as defined above.	\$2,000
Current Year's Net Investment	
Income on Scholarship Account	\$0
Current Year's Net Investment	
Income on General Account	<u>\$0</u>
Total	<u>\$2,000</u>

Result: S/P/N will owe federal and state taxes on \$1,000 because up to \$1,000 is exempt from tax and set aside option is not available for the remaining \$1,000 (because the \$2,000 does not include an investment income).

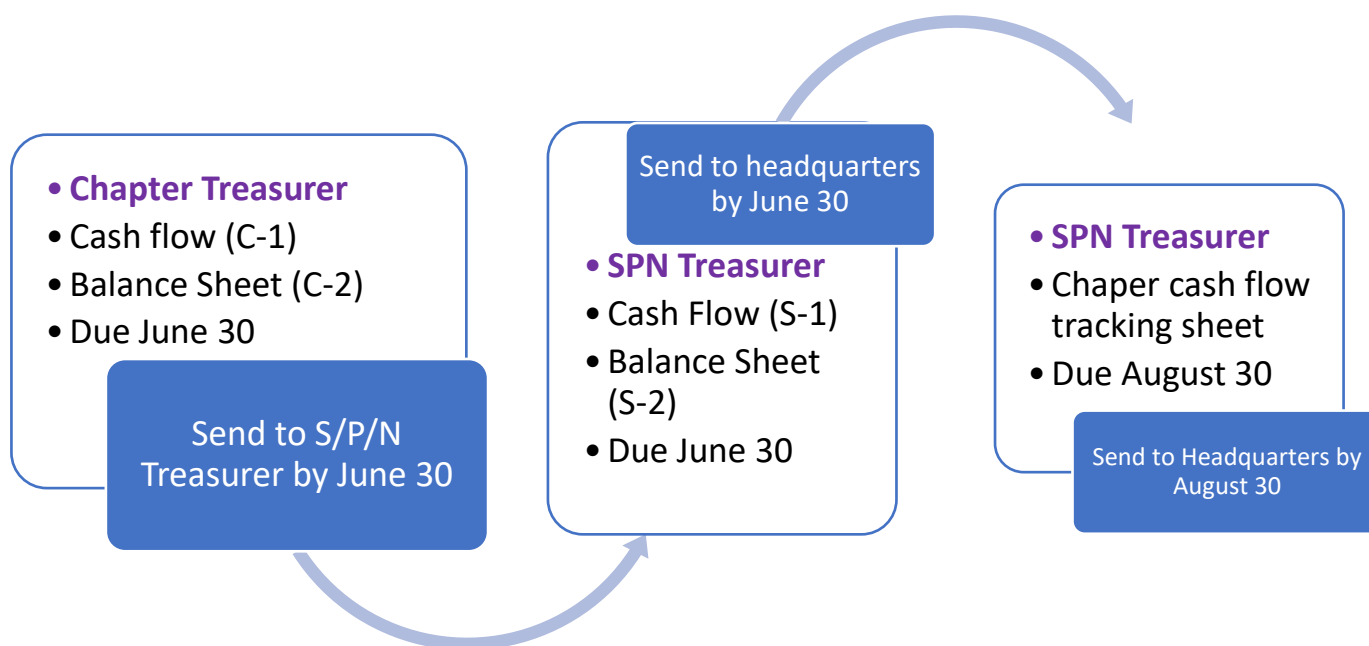
Submitting AΔK Financial Forms

Alpha Delta Kappa is required by the IRS to monitor financial records for States and chapters within the United States and the Puerto Rico.

Chapter Treasurer Financial Forms	S/P/N Treasurer Financial Forms
Cash Flow Statements (formally C-1)	Cash Flow Statements (formally S-1)
Balance Sheets (formally C-2)	Balance Sheets (formally S-2)
Annual Budget (formally C-4)	Annual Budget (formally S-4)
	Chapter cash flow tracking form

Although not required for International chapters, provinces and nations, it is a good business practice to complete these forms.

Chapters complete the cash flow and balance sheet and send a copy to the S/P/N treasurer. The S/P/N treasurer completes the cash flow and balance sheet and sends to headquarters. S/P/N treasurer reviews the chapter cash flow and balance sheets and provide guidance as needed to the chapter treasurer (see tips for S/P/N Treasurer to monitor financial reporting in the Special Topics section) . S/P/N treasurer completes the chapter cash flow tracking summary for all the chapters. A copy is kept in the treasurer’s file and a copy is sent to headquarters. (formal known as the C-1).



The financial reports are available in two formats: excel and PDF.

Financial excel workbook

The excel version has been developed to automatically calculate the fields on the cash flow, balance and budget worksheets. By entering in these two tabs, the calculations will automatically build out the cash flow, balance sheet and budget reports.

1. The page is protected to keep the integrity of the calculations.
2. Revenue Tab:
 - a. Enter the S/P/N or chapter name in the green highlighted box. (B:2)
 - b. Enter the EIN in the green highlighted box. (D:2)
 - c. Enter the budget year in the green highlighted box. (F2 and H2)
 - d. Enter the budget on the revenue tab (column B) **Note-** You will **not** be able to enter the budget directly on the budget tab. Once you enter your budget on the revenue tab, you will notice that calculation automatically populates on the budget tab.
 - e. Each month, you will enter revenue in the appropriate month column. Notice the cells will automatically calculate and carry the totals to the cash flow, balance and budget worksheets where appropriate.
3. Expense Tab:

- a. Enter the budget on the expense tab (column B) **Note-** You will **not** be able to enter the budget directly on the budget tab. Once you enter your budget on the expense tab, you will notice that calculation automatically populates on the budget tab.
 - b. Each month, you will enter expenses in the appropriate month column. Notice the cells will automatically calculate and carry the totals to the cash flow, balance and budget worksheets where appropriate.
4. Cash Flow Tab:
- a. Enter the audit date (C:4)
 - b. Enter the beginning case account balance (G:9)
 - c. After the end of the fiscal year, enter the ending cash account balance (G:58) and the Treasurer's ledger balance (G:59)
 - d. After completion, sign and date the form. Include your email and telephone number.
 - e. After completion of filing the 990-N, select if electronic filing with the IRS is completed.
5. Balance Sheet tab:
- a. Enter the Year end date (C:2)
 - b. Enter the date of the audit report (C:4)
 - c. Enter then name of the chapter or S/P/N (B:6)
 - d. Enter the Assets: checking account, saving account, certificates of deposit (F: 10-13)
 - e. Enter Liabilities and Net Assets (F:16-17)

Creating a Budget

A budget shows projected revenue/receipts and expenses for the year. A budget is a plan; it is what you are intended to do. A budget does not dictate what your chapter or S/P/N must do. The process is annual and should be reviewed periodically during the year. Corrections should be permitted with officer and member approval.

1. Consider the plans of the chapter or S/P/N, such as special events and chapter functions.
2. Review the previous year's budget and financial reports to determine how well that budget met your chapter or S/P/N's needs.
3. Determine your chapter or SPN's projected financial needs. Consider the funds needed for approved scholarships, altruistic contributions, Founders day, special events, leadership development, fundraising events, and/or monthly meetings.
4. Develop a one-year budget that follows the fiscal year. Expenses should equal receipts.
5. If S/P/N convention is held once every two years, the two annual budgets for the biennium should be presented and approved at the S/P/N convention.
6. If S/P/N convention is held annually, then one year budget should be presented and approved at the S/P/N convention.
7. Executive Board monitors the inflows and outflows reported by the budget.
8. Effective tool for officers to communicate and plan strategically
9. S/P/N's, Include the activities of districts and area councils.
10. International does not require a copy of the S/P/N budget.
11. Present the draft budget for approval to your chapter or SPN executive board. Chapter and SPN budgets must be shared during a meeting.

Using your budget:

Throughout the year, the Treasurer is responsible for tracking the income and expenses and comparing them to the budget. Monthly financial reports should be shared during meetings. Whenever a new opportunity arises that meets the mission of AΔK, the chapter or SPN executive board should carefully weigh whether it should be undertaken. Ideally, an unbudgeted activity should have a positive or neutral impact on the overall budget.

Amending the budget

The budget is only an estimate of the planned expenses for the year. When there are additional expenses or a change in a allocated expense, the budget may need to be amended by a vote during a regular meeting.

Common Questions and Answers

How much should we have in case of an emergency?

Emergency reserve is an important part of the budgeting process. This fund is intended to retain financial stability in the event of an unplanned expense. As a general practice, a healthy reserve is between one-half to one full year of expenditures.

Can we designate or restrict funds for a specific purpose?

It is not recommended that chapters or S/P/N's maintain restricted accounts outside of the AΔK Foundation. The IRS has strict guidelines for restricted funds. Funds raised for a specific purpose must be restricted for that purpose. If a chapter is raising funds for a specific scholarship account and not additional purpose, the chapter or S/P/N should consider opening a restricted account through Alpha Delta Kappa Foundation. Restricted accounts for scholarship and altruistic funds may open by chapters or SPNs with a minimum deposit of \$5,000.

Record Retention Requirements



Records can be stored digitally or in a paper filing system. If storing digitally, a shared drive is recommended (Google, Dropbox, etc.), that can be transferred easily between Treasurers. Flash drives are not recommended as they can become lost or destroyed easily.

President

Retain in Permanent Files:

1. Charter (Fidelis Scroll, if Fidelis Chapter)
2. Minutes of Meetings and Bylaws
3. Proceedings of International Conventions (S/P/Ns only)
4. Names of Initiated Members and Initiation Dates
5. Written History
6. Correspondence on any Legal Matters

Retain 4 years:

Forms and Correspondence (for the current and immediate past biennia).

Treasurer

Retain in Permanent Files:

1. IRS determination letter stating that Alpha Delta Kappa is a non-profit organization, designated 501(c)(3) by the IRS. (The IRS letter and your state's EIN will be necessary in opening a new bank account.)
2. EIN Number (assigned by the Internal Revenue Service), any correspondence from the IRS, copy of any reports to the IRS, copy of correspondence from Headquarters regarding the IRS.
3. Filed tax returns, including working papers.
4. Audit reports and financial Statements, cancelled checks for taxes, cash books.
5. Financial ledgers and journals.
6. Financial report:
 - Year-end Cash Flow Statements (C-1/S-1)
 - Balance Sheets (C-2/S-2)
 - Annual Budget (C-4/S-4)

Retain 8 years:

Bank reconciliations and bank Statements

Retain 3 years:

Petty cash vouchers, general correspondence, other cancelled checks, expense reports, paid bills and monthly trial balances.

Annual Dues Process



We have added some features to the annual dues process based on feedback.

** Note – Headquarter staff do not establish the rate for International Dues. The International Executive Board establishes the International dues for members.

***Headquarters will send a separate tutorial on how to use the tracking record.

Chapter Treasurer Responsibilities

1. International dues are billed and emailed to members no later than September 15. Members that do not have an email address will be mailed an invoice. Once members are billed, members can access their invoice through their member profile. Online payments can be accepted.
2. Encourage members to submit International Dues online and follow-up with members who chose to submit payment by check by January 1.
3. A tracking sheet will be available to record and monitor International dues payments.
 - The tracking record will be located in the chapter record. Headquarter staff will send detailed instructions by September 15.
4. Review the tracking sheet to confirm members/membership type is up to date.

- Chapter President, Chapter Treasurer, Chapter Membership Chairman, S/P/N Treasurer, S/P/N President, S/P/N MC, Vice President of Membership can make edits to a member's profile as follows:
 - Profile Picture
 - Last Name
 - Date of Birth
 - Address/Phone/Email
 - Social Profiles (Facebook, Linkendin, Twitter)
 - Status Change: From Active to Resigned or Omega
 - Email headquarters@alphadeltakappa.org for additional requested changes.
5. Chapter Treasurers will receive a separate invoice for the chapter ITE contribution and any honorary members dues. The International Teacher Education (ITE) program is funded by Alpha Delta Kappa chapters. The purpose of the ITE scholarship is to promote worldwide understanding through the field of education.
 6. By January 1, send S/P/N dues to the S/P/N treasurer; Send ITE contribution to headquarters; send district dues to the district treasurer, if applicable.
 7. By January 1, chapter treasurer can pay International dues collected either online using PayPal or credit card or mail a check to headquarters. Payments made online can be made as a group payment. If mailing a check to headquarters, include the tracking sheet to apply the appropriate payment to the member.

S/P/N Treasurer Responsibilities

1. A tracking sheet will be available to record and monitor International dues payments for Sustaining Members and S/P/N honorary members. Headquarter staff will provide detailed directions before September 15.
2. International dues are billed and emailed to sustaining members no later than September 15. Sustaining members that do not have an email address on file will be mailed an invoice. Once members are billed, online payments can be accepted. Honorary members will be billed to the S/P/N.
3. Notify sustaining members of the amount of their S/P/N dues. Remind them this is in addition to the International membership dues.
4. Receive and record all S/P/N dues collected from chapters.
5. Deposit all dues checks in the state's checking account as soon as they are received.
6. By January 1, send sustaining and honorary member dues to headquarters.

Note: Limited membership status is for members who are incapacitated and unable to fulfill responsibilities. This status is reserved for members who have a *permanent*, terminal illness which is not considered temporary. Limited Members are exempt from financial obligations and must not have an outstanding dues balance at the time of the designation. It is encouraged to place a sister on active on leave prior to requesting limited status. Limited status requests will be granted by International Headquarters.

Payment Options

- Members may pay their dues online using PayPal or credit card OR they may pay their International dues to their treasurer.

- Treasurers will collect the International Dues from their chapter members who did not pay online. Members should pay their chapter treasurer directly instead of headquarters if paying by check.
- Treasurers can see the members who have paid online.
- Chapter Treasurer can make a group payment online with a credit card or mail in a check to headquarters.
- When mailing in a check to headquarters, please include the billing dues tracking sheet.

Mailing Address:

Alpha Delta Kappa
 1615 W. 92nd Street
 Kansas City, MO 64114

Due Date

International Dues are due January 1 and become delinquent after January 31. All delinquent dues will be billed an additional \$5.00 per member late fee paid to International.

Membership Designations that impact International Dues

1. Life: If a member has a life membership, she pays S/P/N, chapter and district (if applicable) dues.
2. Limited: the member has no financial obligations to Alpha Delta Kappa. A limited member may request a printed copy of the *KAPPAN* for a fee.
3. Honorary: This person, not in education, pays no dues, fees or assessments. The chapter or S/P/N pays the \$9.00 annual honorary International due.
4. International Chapter/Executive Board member: International dues are \$9.00. This member does not pay S/P/N, chapter or district (if applicable) dues.

Suggested Monthly Planner

Monthly recurring tasks

1. Attend executive board meetings and present treasurer’s reports.
2. Pay all bills by electronically or by check and keep the invoice and cancelled check/online receipt as proof of payment.
3. Make deposits.
4. Record an entry in your ledger/register for each transaction for which you made a payment.
5. Monitor your budget carefully. If you have problems, consult the president and immediate past treasurer for assistance.

Month	Activity	Complete
June Month 1	(Duties Performed by Outgoing Treasurer)	
	Once all the checks have cleared the bank (verified by the latest bank statement), close books and prepare year-end financial statements.	
	Turn the books over for a “review” by a committee or certified public accountant.	

	Obtain and complete a new bank signature card for each account, with the name, address and signature of the newly elected treasurer. It is not necessary to change banks. (Note: The signature cards should also carry the name, address and signature of the newly elected president in the event the treasurer could not carry on the duties of her office.)	
	Meet with the newly elected treasurer to review and turn over all files, including bank statements, cancelled checks, the checkbook, deposit slip book, ledger, all reimbursements and receipts—all documents of your job as treasurer, including a copy of the latest S/P/N budget. (These documents contain vital tax information, if called upon to fill out IRS Form 990 EZ or Form 990, or in the event of an IRS audit.)	
July Month 2	Duties Performed by the Treasurer with the Assistance of the Immediate Past Treasurer	
	Review and observe Record Retention Requirements.	
	Prepare and submit Cash Flow Statement and the Balance Sheet to Headquarters prior to eight weeks following the close of your fiscal year.	
	Determine filing status: 990-N (most common), 990EZ, 990-T.	
	If the services of a professional tax preparer are obtained, obtain a fee quote and board approval prior to the preparation of tax returns.	
August Month 3	Duties Assumed by Treasurer	
	Complete monthly reoccurring tasks.	
	Headquarters will email officers' packet.	
	If required, provide the necessary documents to the CPA for review and completion of IRS Form 990 EZ.	
	Gather Treasurer's supplies and take to every executive board meeting: Money pouch with cash for change, calculator, checks, deposit slips, current budget, expense vouchers, check endorsement stamp (optional), return address labels, ledger, note pads, paper clips or stapler.	
September Month 4	Complete monthly recurring tasks.	
	Prepare for the annual dues collection process.	
	Review the International dues tracking sheet.	
	Review the membership billing dues tracking sheet to confirm members and membership type is up to date and make necessary changes.	
	Assemble the required information for filing Form 990-N e-Postcard (if gross receipts are \$50,000 or less) by October 15 (the fifteenth day of the fifth month following the end of your fiscal year).	
October Month 5	Complete monthly recurring tasks.	
	October 15: Complete IRS filing	
	Collect International, Chapter, District and S/P/N dues as applicable. Send payment for International Dues to headquarters when complete.	
November December Month 6/7	Complete monthly recurring tasks.	
	Collect International, Chapter, District and S/P/N dues as applicable. Send payment to headquarters when complete. Postmark by January 1 to avoid late payment penalty.	
January	Complete monthly recurring tasks.	

Month 8	For each interest-bearing account, you will receive a bank statement of interest earned the prior year.	
	Meet with the budget committee, taking several copies of the previous year's budget and actual figures as well as the current year's year-to-date figures. Be prepared to share financial information to determine whether sufficient or insufficient funds were budgeted for each line item and whether or not specific line items would be increased, if needed, based on the year's past income.	
	The budget committee develops two annual budgets (one for the even numbered year and one for the odd) and compiles the two budgets into a proposed budget for the biennium. The budget committee chairman prepares copies of the budgets to present to the executive board meeting.	
	S/P/N budgets will be presented to the S/P/N convention; or, if the convention does not meet in the second year, before approval of the board. The budget committee chairman then prepares copies of the proposed budget for each convention registration packet, or if a convention is not held in the second year, for the executive board packet.	
February Month 9	Complete monthly recurring tasks.	
	Prepare financial statements for presentation to the executive board. Have details ready on key issues and comparisons.	
	S/P/N Treasurer - pay any reimbursement requests, room rental and lunch fees associated with the S/P/N executive board meeting.	
	S/P/N Treasurer - Inform the executive board of any interest earned on bank accounts the past year, discuss which altruistic organization or scholarship to contribute it to, and make the appropriate motion to do so. (As soon as possible thereafter, write the check to disburse the funds.) This is to reduce tax liability on unrelated business income (UBI).	
March-April Month 10- 11	Complete monthly recurring tasks.	
	Prepare and present a report at the S/P/N convention.	
	At the close of the S/P/N convention, receive and deposit advance money, and any overage after the convention committee has paid its bills.	
	Prepare executive board report and complete financial statements. Present budget revisions to board if a convention is not held in the second year.	
May Month 12	Make certain all deposits and expense reimbursements have been completed by the month end, so the transactions correspond with the current fiscal year.	
	Clean and order files according to record retention requirements.	
	Review Month 1 and 2 of the Monthly Planner for "Duties Performed by Outgoing Treasurer or with the Assistance of the Immediate Past Treasurer.	
	Modify timeline to meet your state's activities.	

Special Topics

Alpha Delta Kappa Foundation's Reserved Altruistic and Chapter Funds

States and chapters may establish and name a scholarship and/or altruistic fund within the AΔK Foundation. Reserve funds can be opened with a \$5,000 minimum. There are tax advantages when creating a reserve account with the Foundation:

1. Reduces states or chapter's IRS compliance, as it is now the Foundation's responsibility
2. Reduces liability
3. Future donations to the fund are tax deductible to the donor.
4. Fund qualifies as a charitable set aside for the state or chapter's unrelated business income, reducing its tax liability.
5. Can eliminate the need to file estimated quarterly federal and state tax payments on investment income
6. Reduces state or chapter's expenses for attorneys, accounting and investment fees

Employer Identification Number (EIN) or Taxpayer Identification Number (TIN)

1. At the time of formation, Headquarters completes a Form SS-4, applying for an EIN for each S/P/N and chapter. The IRS uses "EIN" and "TIN" interchangeably. It is the same number.
2. IRS notifies the S/P/N and/or chapter of its EIN, and the S/P/N and/or chapter reports the number to Headquarters.
3. Do not apply for an EIN on your own.
4. If unsure if you have an EIN or are unsure if you are using the correct one, check with Headquarters or refer to your profile on the Alpha Delta Kappa website.
5. EIN should be a part of your permanent records.
6. Never use an EIN that has not been assigned to your organization.
7. Use the correct EIN and official name when corresponding with the IRS.
8. Variation will result in the IRS assigning a new EIN.

IRS Requirements for Disbanding Chapters

1. The IRS requires U.S. chapters that are disbanding to give their remaining monies to a 501 (c) (3) organization
2. In 1998 International Executive Board implemented a policy requiring that lapsing U. S. chapters must:
 - a. Donate any remaining funds to the Foundation; OR
 - b. Distribute any remaining funds between the Foundation and another 501 (c) (3) organization (like the Organization).
3. S/P/Ns are asked to assist with the implementation of this policy by informing chapter officers of the policy when discussing the possibility of disbanding.

Accounting records

The treasurer (and other appropriate members to aid her if desired) should prepare accounting reports on a regular basis to meet her fiduciary responsibility. The officers should carefully review these financial reports. Although not required, treasurers may use a software package to prepare reports. For S/P/Ns with a larger volume of activity, a software package such as QuickBooks Online may be helpful. For others, Microsoft's Excel spreadsheet or columnar paper will be satisfactory.

Bank Accounts: Established and New

Established Bank Account

When treasurer's transition, the bank will need a copy of the minutes reflecting the incoming treasurer.



** It is recommended for two signers to be on the bank account. Usually the president and the treasurer.

New Bank Account

1. Use your EIN to open a bank account. Chapters, use your chapter's EIN to open a bank account. Do not use your personal social security number in application.
2. Districts and area councils may have individual bank accounts, using the S/P/N's EIN.
3. S/P/N treasurer or other officer must be included as a check signer on the bank signature card of district and/or area council account.
4. If an incorrect EIN was used to open a bank account, complete a new bank signature card with the correct EIN as soon as possible.
5. Use personalized checks, imprinted as follows:
 - a. S/P/N + Alpha Delta Kappa (i.e., Florida Alpha Delta Kappa)
 - b. Chapter checks should be personalized with the name "of the S/P/N + Greek Name (e.g., Florida Beta Nu Chapter) . . ."
6. Bank Statements should end on the last day of the month. If your Statement doesn't, request the bank to change the Statement cycle to month end.

S/P/N Tips for the Cash Flow Statement (S-1)

1. Sustaining members' International dues and should be deposited and recorded by the state. When determining what gross receipts are from the IRS' standpoint, sustaining members' International dues and fees should be excluded. See "Calculation of Gross Receipts Using IRS Standards" section for more information on this calculation.
2. All scholarship fees should be deposited in a separate account from the general operating account. Monies from scholarship fees should not be commingled with the operating funds. Interest earned on the separate scholarship bank account should always remain in the scholarship account and be used for scholarship programs.
3. Receipts for your state's altruistic project should be recorded in full, without subtracting any costs associated with it. Those costs should be included in your disbursements section on the next page.
4. Bequests and contributions are an important source of revenues and must be accounted for in the determination of gross receipts. For example, bequests could occur in the form of cash or real estate. In either form, the S/P/N treasurer must monitor the Form 990-EZ reporting requirements for the current year. Such a large bequest or gift could change the circumstances so significantly that an S/P/N which under normal circumstances would not need to file a 990EZ will now need to do so with the receipt of the bequest or contribution. Therefore, capturing and recording these sources of receipts is very important.
5. You may wish to add several lines of interest income to reflect the different types of investments—for example, money market checking, certificate of deposit, investment income or securities, etc. If this amount totals \$1,000 or more, completion of Form 990-T is required.

6. Flow through accounts merely represent the receipt of revenue and the outflow of the associated expense, all within one account. Example 1: A small contribution to Charity X is a receipt and the check written to disburse the contribution is an expense for a net sum of zero. Example 2: Revenue is money collected from members for a meal and the expense is the associated check written to the restaurant for the meals, for a net sum of zero.
7. Because districts and area councils now fall under the state's umbrella, separate lines should occur for their receipts. If your S/P/N has numerous districts and the districts DO NOT have their own bank accounts, then you will want a separate line for each district's total receipts and require that each district complete D1-EZ Single Event reporting form for each activity. If, however, your districts DO HAVE their own bank accounts, then they each need to send the S/P/N a copy of the cash flow statement (at a minimum annually) for you to include in your S/P/N cash flow statement.
8. If you should have significant "Other" receipt sources, they should be separately identified. If that is not the case, miscellaneous receipts can fall within this "Other" category.
9. The disbursement of sustaining members' International dues and publication fees merely represents the S/P/N acting as an agent in forwarding these amounts to International. Typically, this disbursement amount is not significant.
10. International convention disbursements usually occur in the summer of odd numbered years (which occur in the even numbered accounting year if your S/P/N has a fiscal year end of May 31.) Comparably, regional conference disbursements usually occur in the summer of the even numbered year, and S/P/N convention disbursements perhaps every year. All three have been included on the template because they should be included in the accounting year in which the disbursement is made. For example, let's say your S/P/N has a May 31 year end and you book and pay for the officers' air fares to International convention in April. The airfares should be recorded on the May 31 financial statements, and the remaining disbursements on the next year's May 31 financial statements. Therefore, include all the applicable line items each year to properly record the timing of disbursements.
11. Fund transfer represents transferring funds from one cash account (savings) to another (checking account) to cover operating disbursements.
12. District and Area Council data
 - If they do not have their own bank accounts, their receipts and disbursements will automatically be recorded with the S/P/N's cash flow Statement through its cash receipts and disbursements.
 - If they do have their own accounts, the district and area council information must be included in the S/P/N's yearend report.
 - The district's and area council's activity should determine their frequency of reporting to the S/P/N.

Tips for S/P/N Treasurers to Monitoring Financial Reporting

1. Each S/P/N is responsible for receiving and reporting the financial activities of its districts.
2. Each S/P/N is accountable for the accuracy and reliability of financial information provided by its districts and area councils.
3. All S/P/N officers, particularly the S/P/N treasurer, are accountable for the accuracy and reliability of the subsidiary information provided to them and to Headquarters.
 - a. Districts/Area Councils:

- Decide which district form works best for your S/P/N's record keeping (D-1 EZ Single Event Reporting Form or D-1 Annual District/Area Council Cash Flow Statement).
 - Complete the due date and fiscal year blanks on the appropriate form, copy the form and distribute them to your districts and area councils, preferably during training session.
 - Follow up, making certain you receive completed financial reports from each district and area council by the deadline.
 - Incorporate district/area council reports into the S/P/N's financial records and reports.
- b. Chapters:
- Follow up, making certain you receive a completed Cash Flow (formerly C-1) from each chapter by August 30.
 - Analyze each Cash Flow report. If the gross receipts were less than \$50,000, did the chapter electronically file Form 990-N e-Postcard? If the total adjusted receipts are \$50,000 or more and/or Ways & Means - Sales to Non-Members and Interest equal \$1,000 or more, contact the chapter president to make certain a copy of the Cash Flow report was forwarded to International Headquarters.

Organizing Treasurer Files

This visual provides an example of how to organize your Treasurer files.

(Can be expanding folder, file box or electronic for present use and future storage.)

- A. Treasurer's Duties/Guidelines
- B. Budget
- C. Expense Voucher
- D. Forms H-119/H-133
(With running membership tally)
- E. IRS and EIN*
(Permanent File)
- F. Audit Reports
(Permanent File)
- G. Financial Statements
(Permanent File)
- H. Directory
(With chapter treasurers' contact information)
- I. Members' Dues
- J. Financial Reports
- K. Bank Statements/Reconciliations
- L. Receipts/Cancelled Checks
(Stapled to Expense Vouchers)
- M. Scholarship & Altruistic Project
(Addresses/Amounts Funded)
- N. Miscellaneous