

**Finance**

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**Committee**

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**Guidelines**

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**1-888-762-4685**

# Do we elect Finance Committee members?

While the International Finance Committee is elected, chapter rules and/or state organization bylaws determine selection of members of chapter and state organization finance committees. The president and the treasurer are ex officio members of the Finance Committee at both state organization and chapter levels. Some serve with vote and some serve without vote. State organizations and chapters are responsible to International for the work of this committee. See *Constitution*, Article VIII- Committees, Section A, 2 a-c and Article VIII, Section B, 5.

*Note: Chapter and state organization treasurers should not serve as chair of the Finance Committee.*

## Chapter Finance Committee Responsibilities

1. Recommend the amount of annual chapter dues.
2. Prepare the budget and present it for review, modification and adoption by the Chapter Executive Board and/or the chapter membership.
  - a. Review chapter assessments when considering budget. Only a chapter may make member assessments.
  - b. Review Chapter Rules for budget-related items that may require changes.
3. Supervise all expenditures and investments of chapter funds.
4. Provide for an annual financial review.
5. Check to confirm that the IRS Form 990 or Form 990N is filed each year for all U.S. chapters.
6. Complete committee report forms and return to designated person.
7. Perform other duties determined by the Chapter Executive Board.

## State Organization Finance Committee Responsibilities

1. Recommend the amount of annual state organization dues.
2. Prepare the budget and present it for review, modification and adoption by the State Organization Executive Board.
3. Follow guidelines established for various funds in the *Constitution*, Article IV, Section F, 1-3 and *International Standing Rules* Article 4.6, 4.61-Available Fund, 4.63-Permanent Fund and 4.62-Scholarship Fund.
4. Supervise all expenditures and investments of state organization funds.
5. Provide for an annual financial review.
6. Complete and submit committee reports on time.
7. Check to see that all U.S. entities with a separate EIN have filed the IRS Form 990EZ or Form 990N.
8. Perform other duties determined by the State Organization Executive Board and/or State Organization Bylaws.

## Deal with budget rules, ask questions

When you create your budget, you may set it up for a biennium or a year. This financial statement of estimated income and expenses is your organization's financial plan. No organization should function without a budget. If you plan for a biennium, be sure to conduct a yearly update. The fiscal year for the Society is July 1 through June 30.

Working with the treasurer, the Finance Committee begins with the balance brought forward from the previous year. Next, estimate your income for the year based on number of members and any other fund-raising activities you may conduct. Chapters will "plug in" international dues, which are found in Standing Rule 4.11, and state organization dues.

Note that the induction fee of \$10 is split among the chapter, state organization and international levels in Standing Rule 4.21. Scholarships fees are explained in the *Constitution* Article IV, Section F and Standing Rule 4.22. Specific rules apply at the state and chapter level.

Ask questions about your budget and learn the rules. Each member of the Finance Committee should have a copy of the current *Constitution* and *International Standing Rules* (in one booklet and online). *Constitution* Article IV defines and explains the Available Fund (all levels) and Permanent Fund (international and state organization levels). *Guidelines for Chapter Treasurers*, which is updated during even-numbered years and available from Society Headquarters, is another resource for committee members. Your chapter rules and state organization bylaws will also provide necessary information in building the budget.

Terminology – See Funds *Constitution* Article IV and *Go-To Guide*.

Scholarship – awards granted to members. The Society and each state organization maintain a Scholarship Fund. A chapter may maintain a Scholarship Fund by majority vote.

Grant-in-Aid – identifies funding of service projects at all levels of the Society and/or providing financial aid to outstanding high school graduates entering teacher preparation programs, worthy college students completing professional preparation to become educators and/or early-career educator support. Funds from the \$1 scholarship fee shall not be used for a grant-in-aid.

Assessment – money, in addition to dues, may be levied only by vote of chapter members. Reserve members may not be assessed.

# Sample Chapter Budget Worksheet

Chapter \_\_\_\_\_  
20 \_\_\_\_ - 20 \_\_\_\_

## Revenue

Balance brought forward July 1, \_\_\_\_\_ \$ \_\_\_\_\_

### Estimated Receipts

#### *Dues*

International \_\_\_\_\_ @ \$40 (Active) \$ \_\_\_\_\_  
\_\_\_\_\_ @ \$20 (Reserve) \_\_\_\_\_  
\_\_\_\_\_ @ \$20 (Collegiate) \_\_\_\_\_

State Org. \_\_\_\_\_ @ \_\_\_\_\_ (A) \_\_\_\_\_  
\_\_\_\_\_ @ \_\_\_\_\_ (R) \_\_\_\_\_  
\_\_\_\_\_ @ \_\_\_\_\_ (C) \_\_\_\_\_

Chapter \_\_\_\_\_ @ \_\_\_\_\_ (A) \_\_\_\_\_  
\_\_\_\_\_ @ \_\_\_\_\_ (R) \_\_\_\_\_  
\_\_\_\_\_ @ \_\_\_\_\_ (C) \_\_\_\_\_

Scholarship Fee \_\_\_\_\_ @ \$1.00 \_\_\_\_\_

Induction Fee \_\_\_\_\_ @ \$10.00 \_\_\_\_\_

Chapter Assessments \_\_\_\_\_ @ \_\_\_\_\_ \_\_\_\_\_

Interest Income \_\_\_\_\_

Other \_\_\_\_\_

Total Estimated Receipts \$ \_\_\_\_\_

Total Amount Available for Budget \$ \_\_\_\_\_  
(Balance Brought Forward + Receipts)

# Expenditures

## Estimated Expenses

### *Dues*

International	_____ @ \$40 (Active)	\$ _____
	_____ @ \$20 (Reserve)	_____
	_____ @ \$20 (Collegiate)	_____
State Org.	_____ @ _____ (A)	_____
	_____ @ _____ (R)	_____
	_____ @ _____ (C)	_____

Scholarship Fee to state \_\_\_\_\_

### *Induction Fee*

State Org. \_\_\_\_\_ @ \$2.50 \_\_\_\_\_  
Total Dues and Fees \$ \_\_\_\_\_

### *President's expenses*

Conventions, workshops \_\_\_\_\_  
Miscellaneous \_\_\_\_\_

Meeting expenses \_\_\_\_\_

Initiation expenses \_\_\_\_\_

Stationery and supplies \_\_\_\_\_

Chapter yearbook \_\_\_\_\_

Postage \_\_\_\_\_

### *Contributions*

International Funds \_\_\_\_\_

State Org. Funds \_\_\_\_\_

Special Projects \_\_\_\_\_

Gifts and flowers \_\_\_\_\_

Miscellaneous \_\_\_\_\_

Other \_\_\_\_\_

(If applicable) Scholarship Fee to Scholarship Fund \_\_\_\_\_

Total Chapter Operating Expenses \$ \_\_\_\_\_

Total Estimated Expenses \$ \_\_\_\_\_

Estimated Balance June 30, 20\_\_\_\_ \$ \_\_\_\_\_

# Guide for State Organization/Chapter Financial Review Committee

Members of the Financial Review Committee are the examiners of accounts (sometimes referred to as the Audit Committee). They are expected to examine all records and certify to the accuracy of these records. The organization holds this committee accountable for any unexplained inaccuracies that may be found in the future in materials they have reviewed.

Check the box beside each item to indicate that it has been verified.

- All financial accounts are in the name of a state organization or chapter of the Society, not in the name of an individual.
- Signatures, including president and treasurer, on all bank accounts and investments are current.
- The correct Employer Identification Number (EIN) is on file.
- Form 990N, Form 990EZ, or Form 990 was filed with the IRS for U.S. chapters, coordinating councils, separate scholarship funds, state organizations, and foundations (if applicable).
- The correct amount was collected for each type of membership.
- Proper distribution was made for each type of membership fee and recorded.
- Correct amounts were sent promptly to the Society Headquarters/state organization treasurer for international and/or state organization dues and fees.
- Bank statements were properly reconciled each month with the book balance and the checkbook balance.
- The total amount of funds received during the year was deposited to chapter or state organization bank account within a reasonable time.
- The total amount of checks written equaled the total amount of expenditures recorded on the books.

- The cash balance at the beginning of the year plus (+) receipts during the year minus (-) disbursements during the year equaled (=) the balance at the end of the year.
- All expenditures were approved by the president.
- All expenditures were supported by documentation.
- All expenditures were supported by budget allocations or by actions recorded in the official minutes of the organization.
- All directives and limitations regarding finances, as recorded in the minutes of the organization, were followed.
- Special contributions were received and/or disbursed in accordance with their intended purpose.
- All fund transfers were made in a timely manner.
- Stage Organization Investment Policy is current.
- A list of current bonds, securities and other investments is available, providing the following information for each investment:
  - type of investment;
  - principal amount;
  - maturity date;
  - name of financial institution;
  - physical location of documents; and
  - correct amount of investment income recorded at time earned.

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Financial Review completed by

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Date

# Suggested Retention Schedule

Type of Record	Legal Period
Bank Deposit Slips/Copies of Cancelled Checks	7 years
Bank Statements/Reconciliations	7 years
Accounts Receivable/Accounts Payable	7 years
General Ledger/Journal	Permanent
Cash disbursements/Cash Receipts Journals	Permanent
Authorization & Appropriation for Expenditures	7 years
Petty Cash Vouchers	7 years
Invoices	7 years
Auditor Reports/Financial Reviews	Permanent
Budget Reports	4 years
Revenue and Expenditure – Fiscal Year July 1 – June 30	7 years
Membership Form 18 Printout	7 years
Membership List	4 years (at least)
Inventories of materials and supplies	4 years
Tax Returns – Federal 990 (US Only)	Permanent
Employee Payroll Records, timesheets, W-2 and W-4 records	7 years
Employee Expense Reports	7 years
Employee Applications	3 years
Employee Files	7 years after employment ends
State Organization Convention Financial Records	7 Years
Contracts	10 years from termination
Insurance Policies	Current
Leases	10 years from termination
Real Estate Purchases	20 years after sale
Annual Reports	Permanent
Articles of Incorporation	Permanent
Constitution/Bylaws/Rules	Current
Minutes	Permanent

\*Keep state organization/chapter financial records of historical or archival value permanently. For long term storage DKG recommends that hard copies be kept in addition to electronic data.

**Revised by the 2018-2020 International Finance Committee**

January 2019/TO/P