

CHAPTER FINANCE FUNDRAISING GUIDE

This guide reviews merchant services, chapter fundraising reminders, Fraternity contributions (required and voluntary) and gifting to house corporations.



FUNDRAISING RECORDKEEPING REQUIREMENTS

All net fundraising proceeds – after all expenses have been paid – shall be donated to recognized, qualified charities or educational institutions such as Pi Beta Phi Foundation (qualified under Section 501(c)(3) of the Internal Revenue Code in the United States or as a Registered Charity in Canada).

The Director Service and Philanthropy (DSP) and Vice President Community Relations (VPCR) should work with the Director Member Finances (DMF) and Vice President Finance/Housing (VPFH) to report **the gross receipts, expenses and net proceeds** to the chapter.

RECORDING PROCEEDS

For tax purposes, records differentiating between fundraising income from members vs. fundraising income received from non-members must be kept. Non-members are considered anyone other than Pi Phi undergraduate members, Pi Phi alumnae, parents of undergraduate members or immediate family of undergraduate members.

- A listing of names of those donating should be provided in order to separate member and non-member income.
 - This applies to any form of money received, cash/check/credit card.
 - It is suggested this is tracked during pre-sales/the event for accuracy.
- The DSP with support of the VPCR and VPFH should work to complete the Fundraising Tracking Sheet in the [Resource Library](#) for each event. This should be completed no later than 10 days after the event.
- The VPFH will confirm the tracking sheet ties with the deposits in greekbill.
 - The Fundraising Tracking Sheet should be submitted no later than 10 days after the event to the AAC Finance/Housing Advisor, AAC Community Relations, Finance/Housing Specialist (FHS) and Headquarters (chapterfinance@pibetaphi.org.)

Records must be kept showing amounts received by the electronic fundraising platform (merchant service) vendor.

- This should match the amount the chapter receives from the fundraiser either in the form of a check or deposited directly into the chapter checking account.



- If a check is issued by the platform for the proceeds from the fundraiser, the chapter should, if possible, have a check issued to the chapter and sent to the chapter address.
 - If this is not a possibility, the payment should be deposited directly into the chapter's bank account.

The Internal Revenue Service requires chapters in the U.S. to record proceeds from fundraising activities as follows:

- Income from Members (deposit into Account 4300)
- Income from Non-Members (deposit into Account 4305)
- Actual expenses for those fundraising activities (record in Account 5300)
- The profit (proceeds less the expenses) should be donated to a recognized charity or charities (record in Account 5310 Charitable Contributions)



ELECTRONIC FUNDRAISING PLATFORMS

ACCEPTING ELECTRONIC PAYMENTS AND DONATIONS FOR FUNDRAISERS FROM INDIVIDUALS USING AN ELECTRONIC OR ONLINE PLATFORM

The use of an electronic platform (merchant service) is **only** permitted for fundraising events. Other chapter transactions, such as dues and special assessments, and reimbursing members are prohibited. Crowd-funding sites, such as GoFundMe, are not approved. Due to Pi Beta Phi's IRS exempt status chapters cannot fundraise for a specific individual. Significant IRS penalties could apply if this guidance is not followed.

- Chapters may accept payment for fundraisers via check or credit card through certain approved services and through cash as a last resort.
- Due to member information and financial security requirements, there are **two tiers** of approved electronic fundraising platforms (merchant services):
 - Tier 1: Approved vendors (4) are as follows: Square, PayPal, memberplanet and EventBrite.
 - Tier 2: Venmo, Cash App, or other platforms not listed in Tier 1 above
 - *****Note: all requirements below must be met and completed for use of tier 2 vendors*****

REQUIREMENTS FOR USE OF ELECTRONIC FUNDRAISING PLATFORMS (TIER 1 AND TIER 2):

- 1) Approval must be granted by the Regional Finance/Housing Specialist (FHS) for Tier 1 platforms and, in addition, by the HQ Finance team for Tier 2 platforms prior to contracting and using a platform.
- 2) Approval should be requested using the Electronic Fundraising Platform Request Form (previously known as the Merchant Service Request Form), which can be found in the [Resource Library](#).
- 3) After approval is given, chapters can set up an account with the approved vendor.
- 4) Chapters are **not** permitted to use individual members' accounts to collect chapter income. Personal accounts cannot be used as it could lead to tax consequences such as being audited and fines from the IRS.



- 5) Officers may **not** use their personal accounts for fundraisers. Personal accounts cannot be used as it could lead to tax consequences such as being audited and fines from the IRS.
- 6) An Alumnae Advisory Committee (AAC) member must be on the merchant service account as an authorized user.
- 7) Both the VPCR and VPFH must be financially current with the chapter (no past due balances) and officer budgets must be on track.

ADDITIONAL REQUIREMENTS FOR USE OF TIER 2 PLATFORMS:

- 1) Chapter **must** be enrolled in Pi Beta Phi's National Bank Program.
- 2) Chapter **must** be fully transitioned into the National Bank Program. All checking and savings accounts must be transferred appropriately. Please refer to the Chapter Taxes and Record Keeping Guide in the [Resource Library](#) for more information.
 - Chapter may not have any funds remaining in outside bank accounts.
 - The HQ Finance team will assist with transition to the program if the chapter is not currently enrolled.
- 3) The fundraising platform/merchant service vendor must only be linked to the checking account in the National Bank Program.
- 4) The chapter must submit all login information (username, password and security questions/answers) to the AAC Finance/Housing Advisor and FHS.
- 5) Bank accounts must be reconciled monthly by the 15th of each month.
 - If the chapter needs assistance with reconciling, HQ Finance staff can reconcile monthly on behalf of the chapter. Please reach out to chapterfinance@pibetaphi.org for more information.



RECOMMENDED SET UP FOR ELECTRONIC FUNDRAISING PLATFORMS:

The chapter is highly encouraged to follow these recommended items in order to ensure easier setup, use and handling of the accounts by the AAC, regional FHS and HQ Finance staff.

- The chapter's email address should be used to set up the account. Each chapter has a Pi Phi assigned email address to which the Chapter President and AAC have access. If the chapter has lost access to their account, they can contact HQ.
 - Example: Alaska Alpha = akalpha@pibetaphi.org
- If a phone number is required, it is best to use the cell phone number for an AAC member such as the FHA. Utilizing an officer phone number will require the chapter to change the number with the platform provider during each officer transition which could be difficult to do if forgotten.
 - A land line number is not recommended as most platform vendors need to text a code to the number to verify the account.
- Some platforms require test transactions when linking bank accounts. Most of the time, the set up for a business account or commercial bank account will not be an 'instant verification' option. This does not mean that it cannot be linked, but rather you will need to use the 'manual verification' option which will send test transactions to the bank. These transactions are approved transactions and are normally less than \$1.
- A new account will need to be created with each officer unless the FA opens and owns the account. Once the FA leaves a new account will need to be created.



IMPORTANT FUNDRAISING REMINDERS

- **If at any time there is misuse or failure to adhere to the above guidelines and procedures, a chapter will no longer be granted permission** to use a fundraising platform service provider and the Director Finance/Housing (DFH) and Grand Vice President Finance/Housing (GVPFH) will be notified.
 - The chapter will be monitored for future unauthorized use by the FHS and HQ Finance team.
 - Officers/members who misuse the platform will be referred to the member accountability process, as needed.
- **Chapters found to be using a merchant service vendor without approval will have immediate revocation for use of platform services** and may not be granted permission in the future.
 - The chapter will be monitored for future unauthorized use by the FHS and HQ Finance team.
- Because the Fraternity has been granted tax-exempt status under Section 501(c)(7) of the Internal Revenue Service (IRS) tax code, we must follow strict and specific IRS mandates when participating in fundraising activities. The Pi Beta Phi *Constitution and Statutes* also speak to fundraising and solicitations. Pi Beta Phi chapters shall adhere to the following guidelines for fundraising:

When planning a fundraising event, make certain the proceeds will exceed the cost of putting on the event.

- If using an electronic fundraising platform with a removable card-reader, this should be kept in a safe, locked place when not in use.
- Chapters or individual chapter members may not solicit funds from alumnae, alumnae clubs, collegiate members or other chapters even if it is done on behalf of another organization. If a chapter becomes aware of anyone doing so, a Grand Council member should be notified.
- Solicitations to benefit a chapter house are to be conducted by the Chapter House Corporation (CHC) or the Fraternity Housing Corporation (FHC).



USE OF FUNDS RAISED

No proceeds from fundraising may be used for chapter activities such as recruitment, social events or programming.

Chapters may not sponsor, or give an appearance of sponsoring, fundraisers for members or other individuals in tragic personal circumstances. For example, a chapter may not fundraise directly for the expenses of a member with cancer, but it could fundraise for a cancer research foundation.

MARKETING AND COMMUNICATION OF FUNDRAISER

Any printed or electronic materials (posters, flyers, invitations, social media graphics and notices) must state that donations are not tax-deductible to the donor. This IRS requirement is true even if the proceeds will eventually be given to another organization that does qualify for tax-deductible donations. The VPFH should ensure the VPCR and/or Director PR/Marketing understand this requirement.

Please note that the chapter should donate the funds to the charity described in the event's promotional materials.

PARTICIPATION IN OTHER ORGANIZATIONS' PHILANTHROPY EVENTS

When a chapter participates in a fundraising event sponsored by another campus group, chapter checks should be made payable directly to the charity which is the beneficiary of the event, not to the sponsoring fraternity or sorority.

EXCEPTION: Chapters may write a check directly to the sponsoring fraternity or sorority to pay the entrance fee only for the philanthropy event. This should be coded to Gifts and Flowers account 5265 and 'entry fee' should be included in the printed Check Memo and Account Memo fields of the check.



CHARITABLE CONTRIBUTIONS

The VPCR should contact the AAC or Regional Team if there is any question about the appropriateness of the proposed donation.

All contributions must be voted upon by the chapter and be reflected in the chapter meeting minutes. The VPCR and/or VPFH will make a motion during new business to donate the net proceeds to Pi Beta Phi Foundation (The Literacy Fund, Friendship Fund, Holt House, Arrow in the Arctic, etc.) or another 501(c)3 charity for which the fundraising event was held directly after the event

The Monthly Chapter Evaluation outlines how chapters can meet and exceed expectations in several areas. The Vice President Community Relations section includes guidelines on fundraised dollars per member. Please reference the Monthly Chapter Evaluation for the requirements to “Meeting/Exceeding Expectations.”

FOUNDATION REQUIRED CONTRIBUTIONS

Pi Beta Phi Foundation Friendship Fund and Literacy Fund

- AMOUNT: Please refer to Monthly Chapter Evaluation Standards
- DUE DATE: Postmarked by December 31 for credit on the Chapter Evaluation.
- PAYMENT PROCEDURE: Pi Beta Phi Foundation Friendship Fund and Pi Beta Phi Foundation Literacy Fund
- Send completed FT-1 Form (located in the [Resource Library](#)) to HQ with the chapter check made payable to Pi Beta Phi Foundation.

FOUNDATION VOLUNTARY CONTRIBUTIONS

- AMOUNT: Chapter’s discretion
- DUE DATE: December 31
- REMARKS: Champions are Readers, Emma Harper Turner Fund, Holt House, Literacy, Peg Houston Memorial (convention) Speaker’s Fund, Undergraduate Scholarships, DEI Leadership Fund, Memorial or Recognition
 - *Note: The mentioned forms are available on the [Resource Library](#).*
- PAYMENT PROCEDURE:
 - Holt House, Canadian Philanthropies/Arrow in the Arctic; Unrestricted Gifts to Pi Beta Phi Foundation and Undergraduate Scholarships:



- Complete the FT-1 Form listing the amount for the philanthropy; send to HQ with the chapter check made payable to Pi Beta Phi Foundation.

**All donations from fundraising events in the winter/spring should be made by June 30.*

**All donations from fundraising events in the fall should be made by December 31.*

DONATIONS/GIFTS TO HOUSE CORPORATION

All gifts to Chapter House Corporations (CHCs) or Fraternity Housing Corporations (FHCs) should receive approval by your FHS, the DFH and HQ. After approval has been given, the VPFH must present a motion for the chapter to vote to distribute any approved gifts to the CHC/FHC from either excess budgeted funds or reserves. The VPFH and AAC Finance/Housing Advisor should reach out to your FHS to initiate the process.

