



## BACKGROUND & SUMMARY

Approved:	March 8, 2022
Effective Date:	September 15, 2022

### Fee Background

The Phi Kappa Sigma Fraternity collects fees in several forms (e.g., student membership fees, chapter assessments, new member and initiation fees) to provide the services and products we offer as an international fraternity. These costs are incurred on behalf of all chapters and colonies so that we may operate the business of the Fraternity. The programs and services we offer/provide take on many forms (e.g., leadership and education programs, risk management education and services, expansion/growth activities, Grand Chapter, Men of Honor, volunteer and staff expenses, trademark management, ritual paraphernalia, etc.). The fees themselves are meant to be spread among all participating entities and are based on different factors so as to minimize the burden yet at the same time, provide for budgetary needs.

### Fee Change Explanation

As with any non-profit organization, we have a responsibility to manage our operations in a fiscally responsible manner. This means that we must adjust our fees occasionally to account for increases in our costs and/or net membership totals.

Our Constitution & Acts, under Act 2 - Fraternity Revenues, limits any annual fee increases to a formula **based on the four-year cost of membership which is calculated as the New Member Fee + Initiation Fee + 3 times the Student Membership Fee + 4 times an average portion of the Chapter Assessment.**

#### Limiting Factor 1:

The total four-year cost of membership cannot exceed 5% over and above the rate of inflation. **This past year, the Consumer Price Index (CPI) increased 7.0% for a total potential increase limit of 12.0%.**

#### Limiting Factor 2:

Our Constitution & Acts also states that an increase cannot cause our four-year cost of membership to exceed the all-fraternity average four-year cost of membership.

Summary		
Previous Rate	2021-2022 Total 4-Year Cost	\$959.02
Limiting Factor 1	Constitution & Acts metrics, allowable increase	\$1,074.10
Limiting Factor 2	Average of FEA Fraternities	\$1,043.60
New Rate	2022-2023 Total 4-Year Cost	\$1,008.91

The Fraternity takes this decision very seriously and fully appreciates the financial impact changes have on our chapters and our members. In addition to reviewing current budget data and projections, we continue to remain extremely cost competitive to most fraternities. However, we have noted that certain fees may not appear this way and, therefore, we have minimized increases to support the efforts of our chapters.

## FINANCIAL FEES AND POLICIES

Please make note of the fee increase in your upcoming budget process.

### 2022-2023 Fees

As a result of a review of the Fraternity's current budget and anticipated needs for the next fiscal year to remain competitive in current market the following fee increases, and late fees will take affect for the 2022-2023 academic year. Please refer to the remaining pages of this Fee Schedule for further details by using the superscript number with the outline number (e.g., <sup>6</sup> relates to note 6).

DATE DUE	FEE	DATE INVOICED	2022-2023 RATE CHANGE	PAY THIS AMOUNT BY DATE DUE <sup>3</sup>	PENALTY RATE IF NOT PAID BY DUE DATE <sup>4</sup>
2 weeks after bid accepted	New Member Fee <sup>1, 2, 5</sup>	Invoices created through the New Member registration process on PhiKapConnect.org	No Change	\$110 per member	\$132 per member
2 weeks prior to initiation	Initiation Fee <sup>6</sup>	When Initiates are properly reported	No Change	\$325 per member	\$390 per member
Nov 1, 2022	Risk Management Fee Base Rate <sup>8</sup> <i>Actual Base Rate determined by August 2022, prior year was \$180/man</i>	Sept 15, 2022	No Change	Example: (\$180/man) X (25% growth) X (surcharge or discount)	Per Chapter Fee + \$300 Late Fee
	Undergraduate Fee	Sept 15, 2022	+ \$15	\$175 per member	\$210 per member
	NHC Operations Assessment (Fall) <sup>11</sup>	Sept 15, 2022	No Change	\$2.88 per initiated member	\$3.45 per initiated member
Dec 1, 2022	Men of Honor Registration	Online during Registration	No Change	\$150 per member	\$180 per member
Feb 15, 2023	Grand Chapter Assessment Fee <sup>8</sup>	Jan 15, 2023	No Change	\$60 per member	\$72 per member
	Chapter/Colony Assessment Fee	Jan 15, 2023	+ \$50	\$500 per group	\$600 per group
	NHC Operations Assessment (Spring) <sup>11</sup>	Jan 15, 2023	No Change	\$2.88 per initiated member	\$3.45 per initiated member
Spring 2023	2023 Grand Chapter Registration <sup>9</sup> <i>(in a Grand Chapter year) Actual Rate determined in Fall 2022</i>	Spring 2023	No Change	<i>Tentative</i> \$300 per group	<i>Tentative</i> \$360 per group

### 2022-2023 Policies

The following pages offer an outline of policies and procedures regarding the fees listed above. Please review them carefully.

## Notes

### 1. NEW MEMBER FEES AND REGISTRATION

- New members should be **registered within 2 weeks** of accepting their bid/participating in the pinning ceremony. **Otherwise a late penalty rate will be imposed.**
- They should be reported on PhiKapConnect.
- Payment of the New Member Fee is **due within 2 weeks** of accepting their bid/participating in the pinning ceremony
- Chapters that fail to report new members in a timely manner (within two weeks of bid acceptance and at least two weeks prior to initiation) will be charged the Penalty Rate.

### 2. DEPLEDGES

- New Members who are depledged (by their choice or the group's) should be **reported immediately** through PhiKapConnect.

### 3. HOW TO MAKE OTHER PAYMENTS

- Pay by e-check via the Statement of Account app on PhiKapConnect. Using this method will incur a \$5 credit card transaction fee.
- Send a check or money-order to HQ.

### 4. LATE PENALTIES & FINANCE CHARGES

- In an effort to encourage on time payment and reduce accounts receivable, late penalty rates will be issued when invoices are not paid on or before the due date listed.
- Finance charges (monthly interest rates) will be incurred each month at a rate of 1.5% of the unpaid amount when an invoice is not paid in full.

### 5. SKULL SESSIONS & NEW MEMBER PINS

- Books and pins **must be ordered** and a shipping payment made, as they are not automatically sent when new members register, simply because we do not know how many to send.
- After you have extended bids, please order your books and pins so that we may ship them to you timely. Advanced/early purchases are discouraged.

### 6. INITIATION FEES, BADGES & CERTIFICATES

- Initiation Fees for all members of a class are **due at least two weeks prior** to the Initiation Ceremony (this triggers the shipping of Membership Badges prior to initiation ceremony.) The chapter can do this by creating a badge order on PhiKapConnect Dashboard and selecting which New Members are getting Initiated.
- Creating a badge order on the PhiKapConnect Dashboard will create an invoice and charge the chapter per Initiation Fee which should be paid as quickly as possible, no later than the day of initiation.
- Chapters that fail to report Initiates in a timely manner (within two weeks of bid acceptance and at least two weeks prior to initiation) will be charged the Penalty Rate.
- Please note that Membership Certificates and Cards will be sent within 4-6 weeks of HQ receiving the payment because they are ordered from an external vendor.
- HQ must have **100% of New Member Registrations submitted** to order certificates in order to print the appropriate name.

## 7. RISK MANAGEMENT FEE

- The Risk Management Base Rate is the per-member rate before the application of any additional surcharges (e.g., House/No House). Please note this charge is not governed by the Constitution & Acts.
- The amount of the Risk Management Base Rate is only an estimate until we have received our premium determination for the policy year in question. Please note that these estimates are typically sent to all chapters in March/April, June, and July prior to the new policy year.
- The actual Risk Management Assessment is calculated from the Base Rate, the membership roster as of July 1 plus expected growth (25%), and the performance of the group from the prior year.
- The **cutoff date for final changes affecting the Risk Management Assessment is July 1** prior to inception of the policy year in question.
- Our policy year runs from October 1 through September 30.

## 8. GRAND CHAPTER ASSESSMENT

- The Grand Chapter Assessment invoice is based on the Undergraduate Fee invoice plus fall/winter new members minus fall/winter graduates (based on timely receipt of an updated roster).

## 9. GRAND CHAPTER REGISTRATION

- The Phi Kappa Sigma Constitution & Acts requires each chapter to have one delegate in attendance at Grand Chapter. Please note the actual charge is not governed by the Constitution & Acts.

## 10. COLONIES

- Colonies pay the same fees as chapters, but the fees are prorated based on when the group is colonized.

## 11. NATIONAL HOUSING OPERATIONAL ASSESSMENT

- At the 98<sup>th</sup> Grand Chapter (Summer 2016) the undergraduate delegates approved an amendment to the Phi Kappa Sigma Constitution & Acts requiring chapters to pay this fee for the purposes of maintaining a national housing corporation.



# PHI KAPPA SIGMA

## INTERNATIONAL FRATERNITY, INC.

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### 2018 PHI KAPPA SIGMA INTERNATIONAL FRATERNITY, INC.

#### Accounts Receivable Collection Policy v.09.11.2018

*This policy is to monitor accounts receivables (A/R) for fees (see current fee schedule for further guidance on individual fees and payment dates) payable to Phi Kappa Sigma International Fraternity (Fraternity) from its individual members and Chapters to insure timely and accurate payment in order to minimize write-offs.*

### Policy

The Fraternity monitors A/R to ensure timely and accurate payment by its individual members and Chapters. The International Headquarters and Executive Board are responsible for monitoring A/R and, as necessary, resolving outstanding invoices.

### Business Process Description

Once a fee is invoiced from the Fraternity to an individual member or Chapter, that fee is considered due and payable. On a periodic basis, no less than once a month, the International Headquarters will review outstanding A/R to determine which invoices are past due. If an invoice is past due the follow-up procedure will prioritize invoices by the number of days outstanding (e.g. an invoice that is 90 days old is has a higher priority than an invoice 60 days old). Other criteria will be considered when prioritizing past due invoices; this includes, but not limited to, total amount owed to the Fraternity from individual member's or Chapter's past history of invoice payments.

The International Headquarters is responsible for following-up with past due invoices. The Executive Committee is responsible for approving all payment plans, A/R write-offs, and any other disciplinary action deemed necessary.

The following course of action will be taken when an invoice is past due:

#### Step 1: (invoice is 1-15 days past the publish invoice due date)

- The Educational Consultant (EC) in charge of overseeing the delinquent Chapter (or delinquent member of a Chapter) shall inform the member or Chapter of the amount in default.
- If prompt payment is made, EC can waive late fee, but any ramifications to Mitchel Chapter Standards (MCS) will apply. The only exception for MCS will be an 'Act of God' event that precluded timely payment.

#### Step 2: (invoice is 16-45 days past the published invoice due date)

- If the delinquent amount owed is not received by the International Headquarters, the Executive Director and/or Grand Tau will contact the member or Chapter about the past due amount.
- The Grand Delta in charge of the region is informed of the delinquency and is instructed to inform the Chapter Adviser about the situation.
- If the delinquency is resolved in an amiable and timely manner, the Executive Director can waive any late fees deemed appropriate as long as delinquent amount is paid in full or after completion of a payment plan.

- Full payment or a payment plan is the expected outcome of this stage. If a satisfactory agreement is not reached within 45 days past due, the process will move to step 3.

Step 3: (46-120 days past the published invoice due date)

- If a satisfactory agreement is not reached within 45 days, the International Headquarters will send out letters or emails informing alumni and parents of active members that the individual members and/or Chapters have defaulted on amount(s) owed to the Fraternity.
- The Executive Director and/or Grand Tau will again contact the member or Chapter informing the individual or group that the process has moved to step 3.
- The Grand Delta will again contact the chapter adviser explaining the situation and informing him of the actions being taken to collect the past-due A/R.
- This step is designed to inform all stakeholders of the severity of the situation. All costs of producing and distributing the letter or email will be added to the amount owed to the Fraternity.
- Going forward the Chapter must use a financial management service for collecting dues and paying financial obligations. The costs of using a financial management service is the responsibility of the Chapter and the financial management service must be approved by the Executive Director. Only a vote from the Executive Committee and respective Grand Delta can allow a Chapter to discontinue use of a financial management service.
- Chapter is not eligible for any MCS awards.
- If the amount owed or a reasonable payment plan is not reached by the 120 day past due date, the process will move to step 4.

Step 4: (121 days or more past the published invoice due date)

- Executive Director and/or Grand Tau will continue talks with Chapter, interested Alumni, and interested parents about past due amount.
- Grand Delta will continue to inform Chapter Adviser about A/R situation.
- Any and all privileges granted to a Chapter under the Constitution and Acts of Phi Kappa Sigma International Fraternity will brought to the Executive Committee and for suspension.
- Any collection or legal measures that are available at the time will be pursued.
- The Executive Board and the respective Grand Delta can vote to reinstate rights and privileges of Chapter or an individual member once a satisfactory settlement of outstanding A/R balance is reached.
- If no settlement is reached the Executive Committee and respective Grand Delta can vote to move the Chapter to Colony status or revoke the Charter of the Chapter. For an individual member who doesn't reach a satisfactory settlement, the Executive Board and respective Grand Delta can move for a financial member review.

## WRITE-OFFS FOR BAD DEBT

Bad debt is any past-due invoice that the Executive Board deems uncollectable. The Fraternity recognizes bad debt after all internal and external collection procedures have proven ineffective and can vote to write-off debt.