

Improving your Alpha State Financial IQ ~ Notes

Slide 1 - Improving your Alpha State Financial IQ

As teachers we can relate to rules and there are rules on where the money you give to Alpha State is deposited and how it can be spent. These are the rules the finance committee must follow when preparing the budget and approving the allocation of funds. The rules we follow are found in the International Constitution/by-laws and standing rules and the Alpha State Official Manual. To improve your Alpha State Financial IQ you can read these documents or finish viewing this presentation. It will be more concise and, hopefully, more interesting

As an active member, \$12 of your dues check goes to Texas State – where is that money deposited and on what is it spent. **You should make it your business to know!**

When you add to your dues by voluntarily contributing money to certain funds, purchase one of the great silent or live auction items at convention or purchase a luggage tags or tote – where is that money deposited and on what is it spent. **You should make it your business to know!**

So...

Where do we deposit your money?

How do we spend your money?

Slide 2 – Contribution Funds

Let's start with where your money is deposited and how it is spent.

It is deposited and spent from a variety of funds.

The first ones we will discuss are the Contribution Funds – specifically the Eula Lee Carter Fund, Leadership Seminar Fund, Headquarters Fund and the Scholarship Fund.

These funds are like investment funds you might have that are used for a specific, long-range purpose - college for your children, retirement etc. Funds you continue to grow through investment, contribute to when you can and spend only the interest earned.

These Alpha State funds grow from contributions members and chapters make to them in addition to their dues.

How are these funds used?

The interest generated by the Scholarship Fund is distributed by the Scholarship Committee in the form of scholarships and grants-in-aid to members. It also pays for the meeting expenses of the Scholarship Committee.

The interest generated by the Leadership Seminar Fund pays for the Alpha State Leadership Seminar held every other year and for the committee expenses to meet and plan the seminar.

Interest generated by the Eula Lee Carter Committee is distributed by the Eula Lee Carter Committee in the form of grants to members in Latin American Countries in the Southwest Region and for the committee expenses of the Eula Lee Carter Committee.

Principal and interest from the Headquarters Fund will eventually be used for the operating expenses of Alpha State Headquarters Building and to repay back the scholarship fund for the loan to purchase the building.

Slide 3 – Available Fund

The next fund we will look at is the Available Fund. Think of this as Alpha State's checking account.

This is where your dues go and this is where income from the sale of luggage tags, tote bags, etc. goes. We term the income from these sales as non-dues revenue. The ratio of money deposited to the Available Fund is 90% dues and 10% sales or non-dues revenue.

MONEY FROM NO OTHER SOURCE CAN BE DEPOSITED INTO THIS ACCOUNT. EVEN IF YOU FELT SORRY FOR THIS FUND AND WANTED TO GIVE IT MONEY – WE COULDN'T ACCEPT IT!

How is this money spent?

Committee Expenses - It funds the expenses of 27 committees (postage, printing, travel, meeting costs).

General expenses, i.e. Lone Star News, personnel salaries, insurance, supplies, Leadership Orientation for State Personnel, Leadership Development for Chapter Presidents, postage, printing, convention expense plus the activities of our wonderful Area Coordinators.

There are three more things you should know about this fund:

1. It is the only fund for which a budget is prepared. This budget is prepared every two years by the finance committee.
2. After the first year, this budget is reviewed by the Finance Committee and recommended adjustments are brought to the executive board.
3. Our actual dues and fees this past biennium fell short of our budgeted dues and fees by a significant amount. As a result we had to use the savings of this account to balance the 2009-2011 budget.

Slide 4 – Permanent Fund

SO – We have looked at the our contribution or specific purpose funds and our checking account - the Available Fund

There is one more fund that indirectly receives your money and that is the Permanent Fund. Think of this fund as a savings account that you turn to when you need to replace your air conditioner or purchase a brand new computer or a new refrigerator. Pricier, more permanent items that are a little more expensive than your checking account can absorb are paid for out of this fund.

How does this fund get its' money? This fund has been built over time by placing ¼ of initiation fees and annual dues into it until it's assets were more than 30% of the annual income from dues and fees. The resulting initial amount (when accumulated years ago) was invested. This formula still hurts my head to think about so don't feel bad if yours hurts too. Just know that the finance committee looks at this ratio and makes sure to follow this rule for you. This fund is currently growing as a result of return on investment and we currently do not deposit any dues or initiation fees into it.

And, this is another fund that, even if we felt sorry for it, we couldn't contribute to it.

How do we spend this money?

This fund is our "capital" account. The rules say that money from this fund can only be used to purchase articles and equipment of a permanent nature, for rent of office space or erection and furnishing of a headquarters building or purchase of initiation paraphernalia.

And all purchases from this account require the approval of the executive board.

Each year the Finance Committee looks at the trend in the growth of each of these funds to be sure they can meet the purposes for which they exist whether it be to provide scholarships, purchase equipment or pay the phone bill or taxes on our building!

Slide 5 – Growth Funds

All of our contribution funds are able to fulfill their specific purpose and still grow from year to year thanks to the generosity of our members. As a result we can call them our "Growth Funds."

Slide 6 – Available Fund

However, the fund that we rely upon to pay for our building and to support our programs and volunteers is our only non-growth fund! Because it is supported primarily by dues – decreased membership directly and negatively impacts this fund. Prices continue to rise for our general expenses even though we are conservative with our spending and we have added the expenses of a new building that we didn't have before – some of which are offset by money we save on paying for rented office space and meeting space –but not all.

Remember that this is the fund for which we prepare a budget and that the 2009-2011 budget was balanced by tapping into the reserves of this fund as opposed to increasing dues to make up the shortfall – a shortfall that was decreased by trimming over \$35,000 from the two year budget. However, our accountant has advised us that the savings of this fund should not dip below the equivalent of 6 months worth of operating expenses.

We, as members of the Texas State Organization, can see the wonderful work that is funded by the contributions of members to our growth funds. But the framework of expenses that is required for volunteers, staff and space to allocate these funds can only be taken care of from the Available Fund – our only non-growth fund – whose only source of income is dues.

The Finance Committee welcomes all questions about the finance of the Texas State Organization. The contact information for the Finance Chairman can be found on the Texas State website.