

### **When is the deadline to submit the annual financial report?**

Please remember that the annual financial report is always due on or before August 1 each year. Dean's letters and your chapter's rebates and qualification for national awards and recognition are contingent upon the report being submitted.

### **Can the report be submitted early?**

Yes – only if there will not be any financial activity (deposits or withdrawals) between the end of your school year and the end of the society's fiscal year, which is June 30.

However, it is advisable that chapter waits to file so that any monthly fees that are withheld by the bank or any interest that is accrued on the account can be figured into the calculations. In addition, while the annual financial report can be submitted early, the IRS e-postcard can not be. Therefore chapters must wait until after the end of the fiscal year to submit that portion. There is potential to forget to file the IRS e-postcard if you submit the annual financial report early.

### **What are the new submission requirements?**

You may have already noted in the Leader that there are new submission requirements. The annual report has been broken into different reports that each chapter will be responsible for completing by the respective due dates. Various officers will be responsible for the individual reports and the counselor will be copied on them to ensure that they are completed on time. This was done as a way to alleviate some of the responsibility on the counselor and to build better leadership skills in the student officers. If there was not any previous information submitted to HQ naming the officers, then it will defer back to you as the counselor.

The annual financial report now has only the financial information. It requires that both the Counselor and the Student Treasurer to verify the report. As a way to help develop leadership skills for students in the Treasurer's position, KDP is now asking that they maintain a general ledger of the chapter's finances. This was done because some universities require organizations to bank on-campus, leaving the student with little or no real development or responsibility in that role.

### **What exactly are chapter dues and initiation fees?**

Please read the explanation of the chapter dues carefully. This is a reoccurring amount that members pay to stay active in the chapter. The funds go to help cover the cost of activities and events. It may or may not be the same amount that is paid when members are initiated. The cost of the chapter dues can not be more than the cost of the national dues. The international dues are currently \$38. Chapter dues may be up to 97% of international dues – if they are voted on and passed by a quorum at the general membership meeting. Members should always be notified at least 14 days in advance of any vote (including those relating to chapter bylaws).

Some chapters decide to have an optional, one-time only initiation fee. This is usually a very small fee which specifically covers the cost associated with the ceremony. It may cover food, drinks, pins, other ceremony enhancements. In some cases, chapters have an elaborate banquet in which inductees can bring a guest and fee may be higher. Remember, this is optional and some chapters don't charge an initiation fee at all.

Chapters may increase dues within 10% without having to vote on them. However, if they increase more than that, the new annual financial report requests that a copy of the minutes from the meeting where the vote to increase occurred be attached. Without it, HQ will continue to collect the last approved amount that is on-file for the chapter. This can have a direct impact on the amount of the rebate that you receive in the future.

The annual financial report asks for both figures: chapter dues and initiation fee. If you do not charge an initiation fee, please write \$0 in that field. For the chapter's dues, please list the amount that each individual member would pay. Do not combine by the number of people you initiated. Doing so will delay processing of the chapter's annual report.

### **What is the IRS e-postcard?**

As most of you are already aware of, in 2007, the Internal Revenue Service passed new reporting requirements for any subdivision under a major non-profit organization. All the information that you'll need to submit the information was mailed out earlier this month. The information was sent in a large envelope, so if you don't have it yet, please double-check your mail.

Please note that the e-postcard can not be filed until after the end of the organization's fiscal year. Chapters will have up to five months to complete the form. Therefore, July 1 – November 15 is the time frame to complete. **The society strongly suggests that you do both at the same time.** Therefore, plan on submitting the chapter's annual report and e-postcard between July 1 and July 31. Otherwise, there is a potential to forget to submit one and not the other.

### **What are the consequences of not filing the required Internal Revenue Service E-Postcard?**

This new law requires the IRS to revoke the tax-exempt status of any organization that fails to satisfy this annual reporting requirement for three (3) consecutive years. Consequently, a KDP Chapter that does not file a required Form 990-N will have its tax-exempt status revoked by the IRS as of the filing due date of the third year. In addition, a chapter's failure to file jeopardizes the tax-exempt status of the entire KDP national organization.

If a Chapter fails to file the e-Postcard and has its tax-exempt status revoked, the Chapter must apply (or reapply) for tax-exempt status and pay the appropriate user fee to have its tax-exempt status reinstated.

### **Why do I have to be bothered every year with this?**

We are aware that the annual report can be a headache to complete. Hopefully, by dividing the report, having different officers responsible for completing them, and varying the due dates, this will put less demand on you as counselor.

Both the annual financial report and the IRS e-postcard are important because they are required by the federal government. The information that you send to HQ is compiled for the Society's tax purposes. Kappa Delta Pi currently has over 600 chapters. If even a handful of chapters fail to submit financial records, it can severely affect the society's status as a non-profit organization and would have a devastating effect on the society's future stability.

### **So what if I decide I'm just not going to do it?**

Because of the seriousness of these federal documents and the overwhelming number of chapters that have not submitted reports in the past, chapters that do not submit annual financial reports regularly will be placed on probation. If the report still is not submitted by the following year, it could result in the chapter's suspension.

### **Why do you contact me about this?**

We hope that this e-mail clarifies any questions you may have had about the annual financial report and new IRS e-postcard and provides a little more detail as to why it is so important. It is the responsibility of Chapter Resource Consultants to ensure each chapter's compliance with the society's standards. However, we need your help. We'd like to have each chapter work with us this year to ensure that the 2007-2008 annual financial reports are submitted by August 1, 2008. Then we can dedicate more time to the literacy initiatives and professional development opportunities that drive our core operations.

### **Where are the links to file?**

To complete the annual financial report, click the following link and read the instructions, <http://www.kdp.org/annual/annualreport07-08.php>. By following the link, you will also be given the information to file the IRS e-postcard. Click the following link to access the Internal Revenue Service web site for the e-postcard, <http://www.irs.gov/charities/article/0,,id=169250,00.html>.

If at anytime you have questions or just need support, please do not hesitate to call your Chapter Consultant.

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