

A Roadmap for Branch Financial Management: All Your Questions Answered

Finance Key to Branch Health

Branch Board **must** have a finance officer.

Difficult to recruit, thank you for taking it on!

Finance is a fiduciary responsibility of the **entire board**.

Not paying taxes can lead to loss of non-profit status and even branch closure.

Workshop Outline

- Introductions and Overview
- Accounting: Budget, Income, Expenses
- Complexity in Accounting
- Reviews, Taxes, Insurance
- Membership Dues Payment
- Special Projects Fund
- References and Questions

Introductions and Overview

Moderator and Panelists

Roli Wendorf, AAUW California CFO (moderator)

Christine Ritter, Danville-Alamo-Walnut Creek Branch
President Elect and past Finance Chair

Patricia Ferrer, Long Beach Branch past and incoming
Treasurer, Financial Liaison TT AAUW California past CFO

Barbara Spencer, San Francisco Branch President and past
Finance Chair

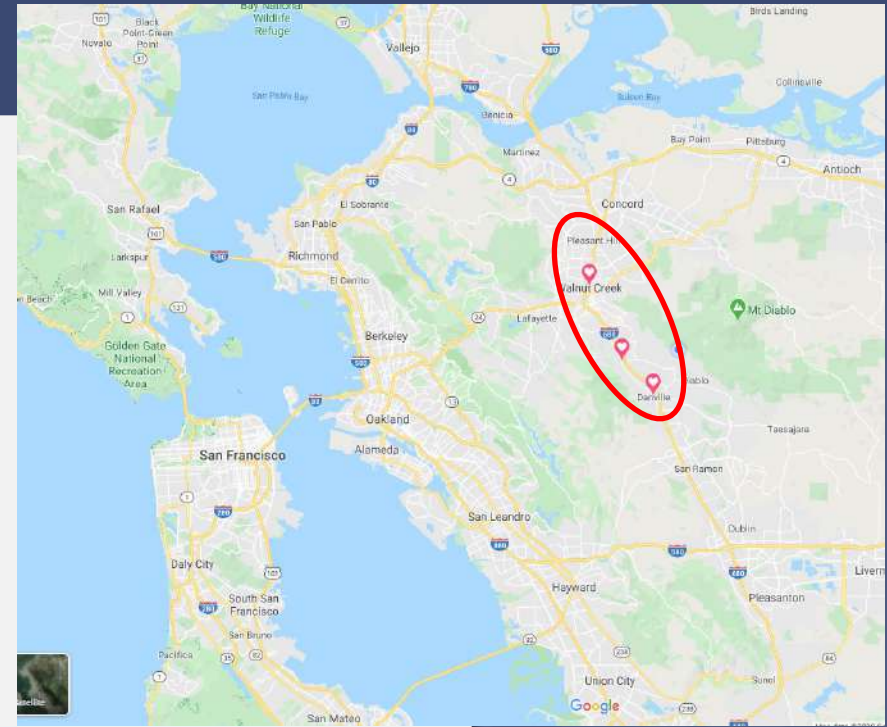
Deanna Arthur, AAUW California Director for Membership,
Alhambra-San Gabriel Branch Membership Chair

Sue Cochran, AAUW California SPF President, AAUW
California past president

Christine Ritter: Overview of Danville-Alamo-Walnut Creek Branch

Danville-Alamo -Walnut Creek Overview

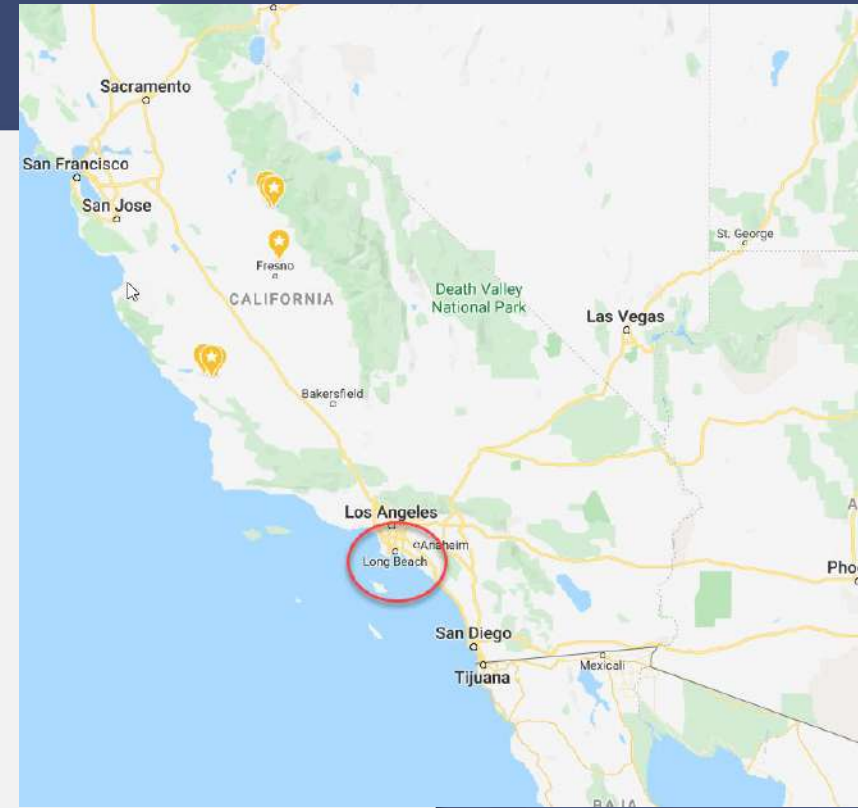
- 245 members
- 501(c)(4)
- \$21.00 annual dues
- \$3K advertising revenue
- Two major fundraisers total ~\$37K
- Annual solicitation letter ~\$20K
- QuickBooks accounting



Patricia Ferrer: Overview of Long Beach Branch

Long Beach Branch Overview

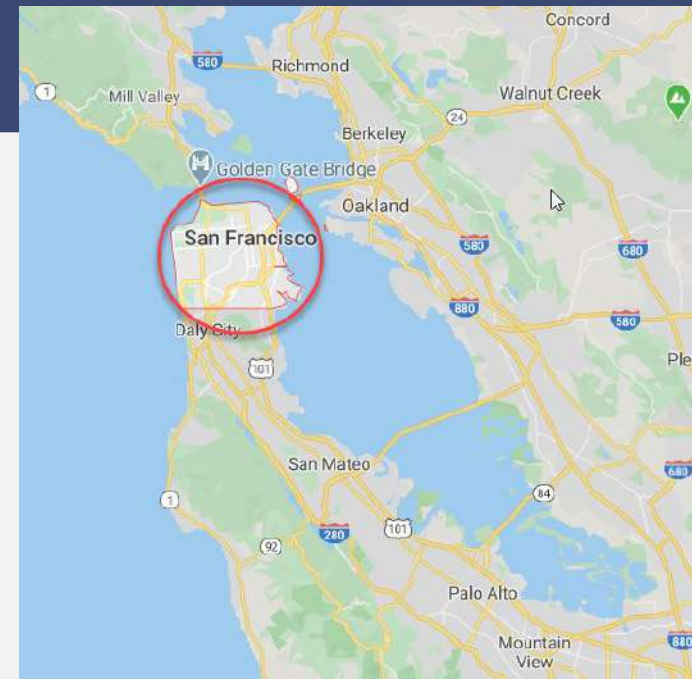
- 501(c)(4) nonprofit
- Established in 1911 and joined AAUW in 1920
- Incorporated in 1941
- Past membership over 500
- Current membership 125
- Migrated from ledgers and hand-prepared reports to Excel to QuickBooks for accounting
- Membership dues are \$26
- Investment funds of \$400,000
- One project with SPF
- Members encouraged to pay dues online



Barbara Spencer: Overview of San Francisco Branch

San Francisco Branch Overview

- Section 501(c)(4) incorporated branch with historically large membership
- 61 members with branch dues of \$1.00
- No fundraising; income for operating expenses from trust
- Use Membership Payment Program (MPP) online, but half of members pay by check to branch
- Send about 15 girls to Tech Trek camp; fee from member donations



Deanna Arthur: Overview of Membership Dues Payment

Membership Overview

- What are the various types of membership?
- What is the easiest way to process the membership?
- Does your branch financial officer have access to the the Member Services Database (MSD)?

Sue Cochran: Overview of AAUW California Special Projects Fund



- The AAUW California Special Projects Fund is an independent 501(c)(3) corporation.
- Serves as a pass-through nonprofit fiduciary agent for two AAUW California state projects and 12 branch projects and scholarships.
- Governed by a nine member board of directors.

Accounting Segment: Budget, Income, Expenses

Branch Size Matters

Branches must have a budget and manage income and expenses.

Branches have different accounting needs depending on size and complexity.

Tailor your accounting practices, such as choice of software tool, to your needs.

California branch sizes as of Feb 1, 2020:

- 1-75 members: 64 branches (51%)
- 76-175 members: 53 branches (43%)
- 176-300 members: 7 branches (6%)

Accounting of Budget, Income, Expenses

Large Branch - Danville-Alamo-Walnut Creek

Budgeting and Review Process

May

- Preliminary budget prepared in May by outgoing board.

July

- Summer Strategy Session with incoming board adjusts focus of activities.
- Activity leads submit their income and expense proposals.

Aug

- President and treasurer adjust to balance income with expenses.

Sept

- Board and membership approve budget in September.

Finance committee reviews transactions and balances in January and July.

Monthly Profit & Loss

Profit & Loss by activity by **category**:

- Operating P&L
 - Dues
 - Membership Events
 - Programs
 - Publications
 - Leadership
- Fundraising

AAUW Danville Alamo Walnut Creek Branch

Profit & Loss Budget Overview

July 2018 through June 2019

| | Jul '18 - Jun 19 | Budget |
|---|------------------|-----------|
| ▼ Ordinary Income/Expense | | |
| ▼ Income | | |
| ▶ 4100 · Income 01 - Dues | 13,179.42 | 12,681.00 |
| ▶ 4200 · Income 02 - Membership Events | 3,973.16 | 4,000.00 |
| ▶ 4400 · Income 04 - Programs | 586.00 | 600.00 |
| ▶ 4500 · Income 05- Publications | 0.00 | 775.00 |
| ▶ 4600 · Income 06- Leadership | 130.73 | 328.60 |
| Total Income | 17,849.31 | 18,384.60 |
| ▼ Expense | | |
| ▶ 6100 · Exp. 01- Dues paid to Nat & CA | 7,996.50 | 7,592.00 |
| ▶ 6200 · Exp. 02 - Membership Event Exp | 4,224.97 | 5,730.00 |
| ▶ 6300 · Exp. 03 - Member Services | 72.81 | 70.00 |
| ▶ 6400 · Exp. 04 - Programs | 513.42 | 850.00 |
| ▶ 6500 · Exp. 05- Publications | 311.13 | 550.00 |
| ▶ 6600 · Exp. 06 Leadership Development | 0.00 | 750.00 |
| ▶ 6900 · Exp. 09 - Administration | 1,478.48 | 1,596.00 |
| Total Expense | 14,597.31 | 17,138.00 |
| Net Ordinary Income | 3,252.00 | 1,246.60 |
| ▼ Other Income/Expense | | |
| ▶ Other Income | 18,929.26 | 21,905.00 |
| ▶ Other Expense | 22,452.94 | 21,870.00 |
| Net Other Income | -3,523.68 | 35.00 |
| Net Income | -271.68 | 1,281.60 |

Monthly Profit & Loss

Profit & Loss by activity by **class**:

- Admin/Leadership
- Membership
- Publications
- Programs
- Fundraising

AAUW Danville-Alamo-Walnut Creek Branch Profit & Loss Budget vs. Actual by Class

| | YTD FY19 | |
|--------------------|------------------|-----------|
| | Jul '18 - Jun 19 | Budget |
| A-MGT | | |
| ADM/LDR | -1,347.75 | -2,017.40 |
| BRNCH | 734.32 | 700.00 |
| DUES | 4,982.92 | 5,089.00 |
| MBR EVNT SCV | -1,058.94 | -2,500.00 |
| PUBS | -311.13 | 225.00 |
| Total A-MGT | 2,999.42 | 1,496.60 |
| B-PGM | | |
| 1 | 51.00 | 50.00 |
| 2 | -79.50 | -100.00 |
| 3 | 207.00 | -200.00 |
| 4 | -125.92 | |
| Total B-PGM | 52.58 | -250.00 |
| C-Local FND | | |
| FUND | 72.45 | 0.00 |
| HHT | 145.00 | 9,445.00 |
| Other Fund Raising | 553.00 | 0.00 |
| TT | 293.41 | -9,410.00 |
| Total C-Local FND | 1,063.86 | 35.00 |
| D-AAUW FUND | -4,387.54 | |
| Unclassified | 0.00 | 0.00 |
| TOTAL | -271.68 | 1,281.60 |

Monthly Balance Sheet

Balance Sheet

- Track prepaid dues and ad revenue to apply in coming year.
- Track funds raised for specific programs.

| AAUW Danville Alamo Walnut Creek Branch | |
|---|------------------|
| Balance Sheet | |
| As of June 30, 2019 | |
| | Jun 30, 19 |
| ASSETS | |
| Current Assets | |
| Checking/Savings | 38,956.17 |
| Other Current Assets | 4,140.75 |
| Total Current Assets | 43,096.92 |
| TOTAL ASSETS | 43,096.92 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| 2000 - Current Liabilities | |
| 2100 - Pre Paid Dues from Members | 2,494.50 |
| 2200 - Prepayments from Advertisers | 2,475.00 |
| Total 2000 - Current Liabilities | 4,969.50 |
| Total Other Current Liabilities | 4,969.50 |
| Total Current Liabilities | 4,969.50 |
| Total Liabilities | 4,969.50 |
| Equity | |
| 3100 - Restricted Net Assets | |
| 3130 - Payable - Dues Assistance | 224.00 |
| 3150 - Local Scholarships | 718.00 |
| 3160 - Payable - Tech Trek | 1,750.08 |
| 3170 - Payable- AAUW FUND | 13,659.56 |
| Total 3100 - Restricted Net Assets | 16,351.64 |
| 3200 - Unrestricted Net Assets Opn Bal | 8,908.15 |
| 3900 - Unrestricted Net Assets | 13,139.31 |
| Net Income | -271.68 |
| Total Equity | 38,127.42 |
| TOTAL LIABILITIES & EQUITY | 43,096.92 |

Accounting of Budget, Income, Expenses

Medium Branch - Long Beach Branch

Budget Process

Budget Committee presents budgets for approval by the board in May, including these areas:

- Operations
- Building Fund
- Scholarship Fund

Approved by membership at June branch meeting

Tracked and reported monthly to board and membership

Reviewed and updated if necessary in January

Reports

Branch uses reports generated by QuickBooks for Profit & Loss Budget Tracking and Balance Sheet Summary and Detail (June 30).

Balance Sheet is annotated with amounts being held in SPF for Tech Trek and our Annual STEM Career Conference.

Both are provided to the board and membership monthly (September through June).

Is Using Quicken a Good Option?

AAUW California previously reviewed the use of Quicken for accounting and reporting.

The use of Quicken will require each branch to enter its own set of categories (accounts) for income and expenses as the prefilled ones use ones based on personal finance.

The finance committee will continue to study the use of Quicken and will assess its use for branches.

Accounting of Budget, Income, Expenses

Small Branch - San Francisco Branch

San Francisco Branch Accounting

Excel operating budget with focus on expenses

Budget review done annually when new budget is established

Separate accounting for bequest funds

1. Trust for operating expenses
2. Silver Jubilee Scholarship Fund

Periodic deposits from trust to branch checking account for operating expenses

As an incorporated branch, files biennially with the Secretary of State

Complexity in Accounting Segment

Other Factors to Consider

Sources of income beyond dues:

- Fundraisers and donations
- Bequests and trusts

Other inflows and outflows:

- Membership dues for AAUW National and AAUW California
- Holiday lunches and end-of-year events
- Projects such as STEM events

Questions for panelists:

- What makes your accounting complex?
- How do you overcome it?
- Lessons to share

Complexity in Accounting

Large Branch - Danville-Alamo-Walnut Creek

Branch Accounting Needs by Income Type

Unrestricted income –

not designated for a particular program

- Dues
- Advertising income
- General donations to branch

Use Profit & Loss Income Accounts to track.

Restricted income –

designated by the donor for a particular program

- Local scholarship (non-SPF)
- Donations given to branch for other charitable program

Use Balance Sheet Equity Accounts to track balances available by program.

When Can Donors Claim a Tax Deduction?

Yes

Donations to a **501(c)(3)** organization or fund are deductible.

Examples:

- AAUW National
 - Dues (prorated)
 - AAUW Funds/Greatest Needs
- AAUW California SPF
 - Tech Trek
 - Speech Trek
 - Local scholarship SPF

No

Donations to a **501(c)(4)** AAUW branch or branch fund are not deductible.

Examples:

- Branch dues
- Non-SPF local scholarship fund
- Other fundraising for branch activities

Advantages of using a 501(c)(3) Entity

Encourages more donations

- Provides tax deduction for individual donors

Broadens the targets for solicitation

- Employer matching
- Industry grants
- High school students can claim charitable work hours when assisting with events

Simplifies branch accounting

- Funds go directly to an outside organization
- Simpler postcard fed and state tax filing with lower branch revenue (<\$50K)

AAUW Offers 501(c)(3) Options to Meet Your Needs

**National – AAUW
Fund**

AAUW Greatest Needs Fund (9110)

**State – Tech Trek and
Speech Trek
California SPF
programs**

**Local – Start a
California SPF for
your qualifying local
charitable activities**



Danville-Alamo-Walnut Creek

Complexity in Accounting

Medium Branch - Long Beach Branch

Fund Raising

Annual Author's Luncheon proceeds benefit the AAUW Fund

Separate accounting and bank account using guidance from AAUW National

Call for donations to membership funds 10 girls for Tech Trek

Corporate sponsorship of our annual STEM Career Conference

Bank Accounts

- Two checking accounts:
 - The Fund
 - General
 - Separately account for eight different “fund” accounts within the general checking account—reduced from 10
- Certificate of Deposit for the Building Fund
- Scholarship Fund checking account
- Scholarship Fund investment account

Complexity in Accounting

Small Branch - San Francisco Branch

Complexity in San Francisco Branch

- Trustee of trust and chair of scholarship fund submit annual accountings of payments and changes in funds.
- Accountings are separate from branch expense budget.
- Each fund has standing rules with balance limits.
- Funds are in separate brokerage accounts with monthly balance reports.
- Investment advisory committee meets periodically to review holdings.
- Members are encouraged to pay dues online using Membership Payment Program (MPP) to simplify branch dues income to branch.



Questions on accounting?

- Use the Q&A function to pose a question.
- Chat has been disabled.

Question and Answer

Check here for answers to all questions.

All questions (1) My questions (1)

You 09:45 AM

Where can I download the presentation?

Collapse all (1) ^

AAUW California 09:46 AM

See the AAUW California website home page:
<https://www.aauw-ca.org/a-roadmap-for-branch-financial-management-all-your-questions-answered/>

Check here for answers to your questions

Chat has been disabled. Use the Q&A function

Type your question here...

Type your question here.

Chat Q&A Leave

Reviews, Taxes and Insurance

Reviews

Annual reviews are strongly recommended.

Use another set of eyes such as a committee or finance officer of nearby branch.

Create a branch process including a report from reviewer to share with board.

AAUW Finance Tool Kit has guidance on reviews:

- Expenses in line with budget and board decisions
- How records are maintained

Just do it – don't aim for perfection

Taxes

Every branch needs to file taxes:

- Federal
- State
- RRF-1 form and new CT-TR-1 form

Not filing for 3 years leads to loss of nonprofit status!

Before filing you need:

1. Federal Identification Number (FEIN, TIN, EIN)
2. CA Franchise Tax Board Entity Number

If you don't know yours, send an email to CFO.

Deadline: November 15 (October 15 using MSD)

It's a good idea to have president review before sending.

How to File Taxes

Forms to file depend on annual revenue:

Revenue \$50,000 or less

- Federal taxes
 - A 501(c)(4) branch can have AAUW National file by using the Member Services Database.
 - If filing yourself, use Form 990N.
- State Taxes - file form 199N

Revenue over \$50,000

- Federal taxes - file form Use 990EZ or 990.
- State Taxes - file form 199.

File annual report with Office of Attorney General

- File form RRF-1, and new form CT-TR-1

Insurance

All California branches **must** have insurance to cover:

- Directors and officers (all board members)
- Liability

AAUW California purchases and bills branches on a per member basis. Payment due by **November 15**.

- AAUW liability is secondary. The primary is insurance of location where event is held.
- All events up to 500 attendees are covered without additional charge.
- Request a certificate of insurance for each event.

Membership Dues Payment

Types of Memberships

- National Membership
- Paid Life Membership
- Honorary Life
- E-Student Affiliates - students at College/University partners
- Student Affiliates - students at higher learning institutions that are not College/University Partners
- Grad Student membership - graduates seeking higher degrees
- Younger Women's Task Force (YWTF)

Member Dues Payment

| Dues | National | State |
|----------------------------------|-----------------|--------------|
| National | \$59 | \$20 |
| Paid Life Membership | \$1,180 | \$20 |
| Honorary Life Membership | \$0 | \$0 |
| E-student Affiliates | \$0 | \$0 |
| Student Affiliates | \$18.81 | \$10 |
| Post Graduate Student Affiliates | \$18.81 | \$10 |
| Younger Women's Task Force | \$59 | \$15 |

Branch dues vary by branch.

New Member Campaigns

| | | |
|---------------------------------------|---------|------|
| Shape the Future | \$29.50 | \$20 |
| Give a Grad a Gift (ending 6/30/2020) | \$0 | \$0 |

Submit to State and National

AAUW National is a resource for finance and membership officers.

Branches using Membership Payment Program (MPP)

- Inform AAUW National of any changes to your branch dues.
- Members will receive an invoice when dues are collected via the MPP.
- Support members by offering a sign-up buddy.
- AAUW National will transfer dues payments to the AAUW California and local branch.

Branches not using Membership Payment Program (MPP)

- Consider adopting this simple process.

AAUW California Special Projects Fund



Overview

- What is SPF (AAUW California Special Projects Fund)?
 - 501(c)(3) tax-exempt corporation
 - Does not provide funding directly to projects
 - Supports AAUW programs by serving as a pass-through fund, enabling projects to collect tax-deductible donations
- Supports state projects as well as branch projects and local scholarship programs.

Overview

- SPF currently provides fiduciary services to:
 - Two AAUW California state projects: Tech Trek and Speech Trek.
 - Twelve AAUW California branch projects or scholarship programs.
- Projects/programs must apply to SPF for approval of its use as the non-profit fiduciary agent. Once approved, all monies are deposited and disbursed through SPF for the program/project.
- SPF's administrative fee has been the same for over 10 year: a one time fee of 5% taken at the time a deposit is made.

Overview

Requirements to use SPF:

- All programs and projects served by SPF must promote and support AAUW's mission.
- A minimum budget of \$1000 is required.
- Project/program must be approved by SPF.

Benefits of using SPF:

- SPF handles all tax reporting.
- SPF uses professional bookkeeping and CPA services.
- Branches are not involved in the complex annual reporting requirements for 501(c)(3) entities.

2020 Tech Trek Camps and COVID-19

AAUW California SPF has taken steps to assist Tech Trek in the management of the funds raised for the canceled 2020 camp season:

- Funds raised for the 2020 camp season will be deposited into an interest-bearing account until such time as they are needed to fund a future camp season.
- Interest earned will be allocated per SPF policy with AAUW California determining the distribution of the interest earned by Tech Trek funds.

References

For More Information

Supporting materials can be found on the **AAUW California Website:**

<https://www.aauw-ca.org/category/branch-support/finance/>

- Branch Treasurer Resources
 - AAUW Finance Tool Kit: a great guide for finance officers and presidents
 - Workshop examples and materials
- Financial Documents and Deadlines
- Fundraising Information for Branches
- Dues and Fees Schedule
- How to Research a Donation



For More Information

Accounting, Taxes and Insurance

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AAUW California CFO

Membership

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AAUW California Director for Membership, Alhambra-San Gabriel Branch Membership Chair

SPF www.specialprojectsfund-ca.aauw.net

Sue Cochran, spf-ca.president@aauw.net

AAUW California SPF President, AAUW California past president

End of Workshop