

# **A Roadmap for Branch Financial Management: All Your Questions Answered**



## Presentation materials:

- Download the presentation from the AAUW California website home page.
- The meeting recording, a summary Q&A document and example documents will be posted following the meeting.

## Questions:

- Use the Q&A function to pose a question. We'll stop periodically to answer general questions.
- Chat has been disabled.

The screenshot shows a Zoom 'Question and Answer' window. At the top left, a red dashed arrow points to the text 'Check here for answers to all questions.' At the top right, another red dashed arrow points to the 'My questions (1)' tab. In the center, a question is displayed: 'Where can I download the presentation?' followed by an answer from 'AAUW California' with a URL. At the bottom left, a message states 'Chat has been disabled. Use the Q&A function'. At the bottom right, a red dashed arrow points to the 'Type your question here.' input field. The bottom navigation bar shows 'Chat' and 'Q&A' icons, with the 'Q&A' icon circled in red. A 'Leave' button is in the bottom right corner.

Question and Answer

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## 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

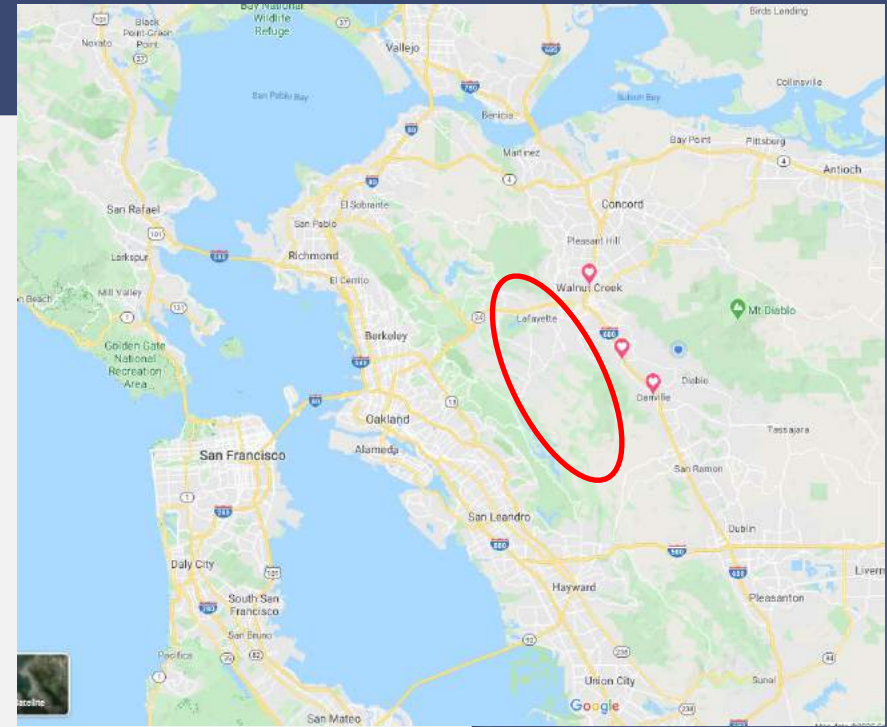
**Deanna Arthur**, AAUW California Director for Membership,  
Alhambra-San Gabriel Branch Membership Chair

**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

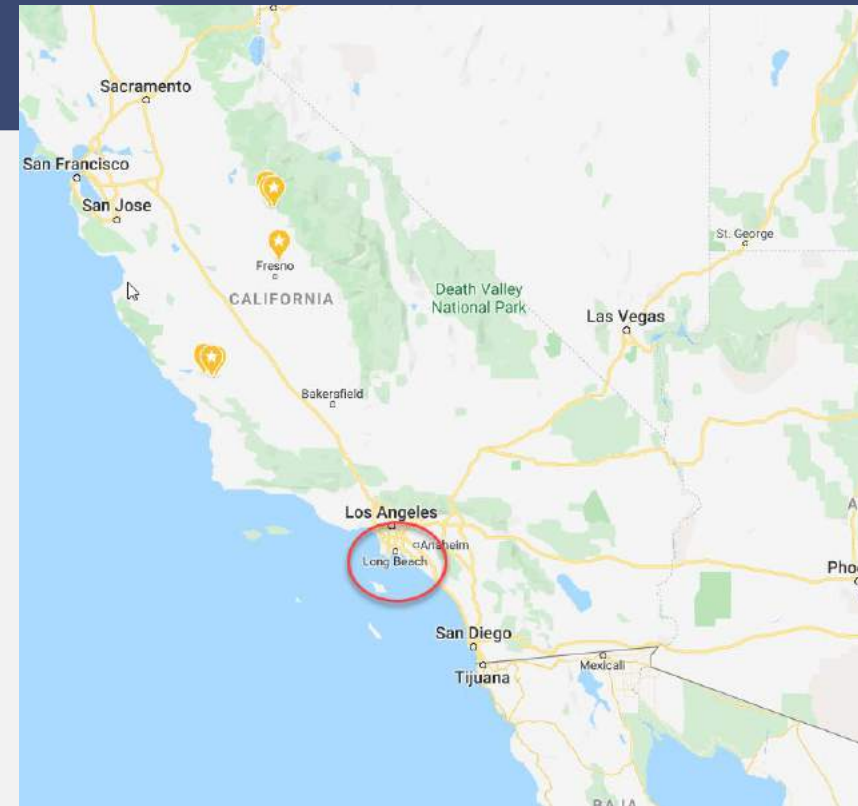




# Patricia Ferrer: Overview of Long Beach Branch

## Long Beach Branch Overview

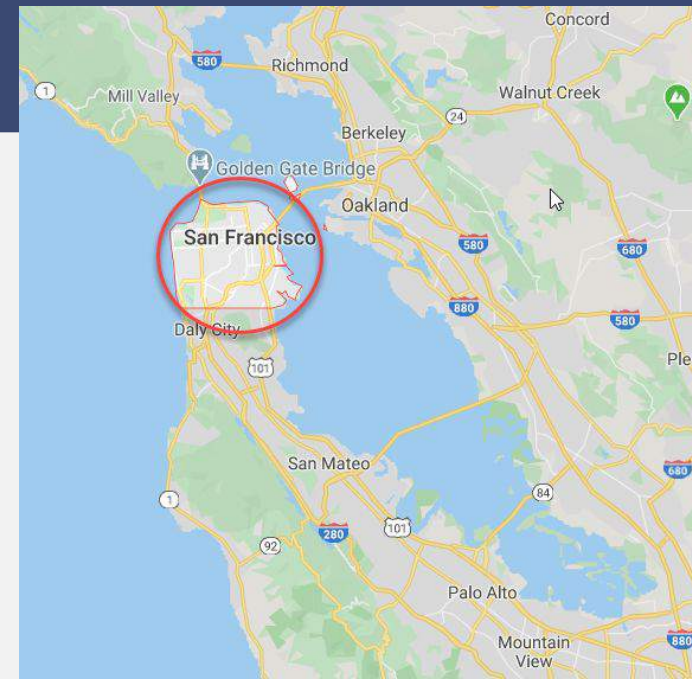
- 501(c)(4) nonprofit
- Established in 1911 and joined AAUW in 1920
- Incorporated in 1941
- Past membership over 500
- Current membership 125
- Migrated from ledgers and hand-prepared reports to Excel to QuickBooks for accounting
- Membership dues are \$26
- Investment funds of \$400,000
- One project 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	568.00	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
<b>A-MGT</b>		
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
<b>Total A-MGT</b>	<b>2,999.42</b>	<b>1,496.60</b>
<b>B-PGM</b>		
1	51.00	50.00
2	-79.50	-100.00
3	207.00	-200.00
4	-125.92	
<b>Total B-PGM</b>	<b>52.58</b>	<b>-250.00</b>
<b>C-Local FND</b>		
FUND	72.45	0.00
HHT	145.00	9,445.00
Other Fund Raising	553.00	0.00
TT	293.41	-9,410.00
<b>Total C-Local FND</b>	<b>1,063.86</b>	<b>35.00</b>
D-AAUW FUND	-4,387.54	
Unclassified	0.00	0.00
<b>TOTAL</b>	<b>-271.68</b>	<b>1,281.60</b>

# 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
<b>ASSETS</b>	
Current Assets	
Checking/Savings	38,956.17
Other Current Assets	4,140.75
Total Current Assets	43,096.92
<b>TOTAL ASSETS</b>	<b>43,096.92</b>
<b>LIABILITIES &amp; EQUITY</b>	
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
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>43,096.92</b>



# **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?

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# 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

**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.

## 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

<b>Dues</b>	<b>National</b>	<b>State</b>
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**

**Roli Wendorf**, [cfo@aauw-ca.org](mailto:cfo@aauw-ca.org)

AAUW California CFO

### **Membership**

**Deanna Arthur**, [membership@aauw-ca.org](mailto:membership@aauw-ca.org)

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

**SPF** [www.specialprojectsfund-ca.aauw.net](http://www.specialprojectsfund-ca.aauw.net)

**Sue Cochran**, [spf-ca.president@aauw.net](mailto:spf-ca.president@aauw.net)

AAUW California SPF President, AAUW California past president



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# End of Workshop