



How to Be a Branch Treasurer Webinar Questions and Answers

Taxes, Government Reporting, 501(c)

1. What do I need to know about tax form preparation?

Even though they are tax exempt, AAUW branches in California are required to file taxes to IRS, California Franchise Tax Board (FTB) and submit forms RRF-1 and CT-TR-1 to the Attorney General's Office. Links to forms and deadlines for filing are available on the AAUW California website: <https://www.aauw-ca.org/financial-documents-deadlines/>

2. What are the differences between tax filings for 501(c)(3) and 501(c)(4) organizations?

There is no difference in tax filings for the two types of branches.

3. Could you tell me more about California form CT-TR-1?

Starting in 2020, the new form CT-TR-1 is an additional requirement for the Attorney General's Office for those branches that have less than \$50,000 in revenue and do not fill out either IRS 990-EZ or 990 form. You can see an example of a filled form here:

<https://www.aauw-ca.org/documents/2021/06/ct-tr-1-filing-example-citrus-heights-american-river-branch.pdf/>

4. What are due dates for various tax forms?

If your branch follows the AAUW financial year of July 1 to June 30, all forms are due November 15. The only exception is if you ask National to file your postcard 990-N for you through the Member Services Database (MSD), for which the deadline is October 15. You can find all forms and deadlines here: <https://www.aauw-ca.org/financial-documents-deadlines/>

5. Does the branch file taxes on capital gains and interest income from their investment accounts?

Yes, interest, dividends and realized gains such as from the sale of stocks are to be reported as income on the tax form. Unrealized gains and losses are not reported in government filings but are included in financial statements.

6. Do we file federal and state taxes?

Yes, see answer to question 1.

7. How do you know if you are incorporated?

You may search for your organization either by name or entity number on the California Secretary of State website at: <https://businesssearch.sos.ca.gov/>

The branch name should appear there if it is incorporated.

8. Is scholarship income reported on a 1099 form by a branch?

No, this is not necessary.



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9. What are the responsibilities of 501(c)(3) branches?

501(c)(3) branches should track all donations made to them and send letters to donors acknowledging donations and the amounts for tax purposes. For donations of \$250 or greater, IRS requires a written acknowledgement. See the next question for details of the acknowledgement letter contents. When running fundraisers with ticket sales, a 501(c)(3) branch must inform ticket purchasers of the amount that can be deducted for taxes. They must also ensure that they do not spend significant funds on legislative lobbying activities.

10. What information does a 501(c)(3) branch need to provide to a donor in a written acknowledgement?

The written acknowledgment required to substantiate a charitable contribution of \$250 or more must contain the following information:

- a. Name of the organization (branch name)
- b. Amount of cash contribution
- c. Description (but not value) of non-cash contribution
- d. Statement that no goods or services were provided by the organization, if that is the case
- e. Description and good faith estimate of the value of goods or services, if any, that organization provided in return for the contribution

11. How does a branch acquire tax exempt status?

A branch acquires 501(c)(4) status by virtue of being an affiliate of national AAUW. To become 501(c)(3), a branch must file its own paperwork to IRS. Check out the pros and cons of becoming a 501(c)(3) here: <https://www.aauw-ca.org/documents/2021/06/501c3-pros-and-cons.docx/>

Fundraising and Pass-through

1. How do we handle raffles?

The purchase of raffle tickets is never tax deductible. Expenses related to the raffle cannot exceed 10% of the raffle proceeds. The advertised beneficiary of the raffle must receive the net raffle proceeds. You must file Forms CT-NRP-1 Application for Registration: Nonprofit Raffles and CT-NRP-2 Nonprofit Raffle Report. Remember to create separate accounts in your chart of accounts for Raffle Income and Raffle Expenses. Expenses are the cost to the branch and not the value of the item being raffled.

2. Is auction income different from raffle?

Yes, different rules apply to silent auctions. Please see <https://aauw-ca.org/wp-content/uploads/2016/10/Auctions-Deductions.pdf>. Generally, the rules related to auctions are the same as those for other fundraising activities. See tab 12 of Branch Treasurer's Accounting Guide for more details.

3. How do we account for AAUW Funds donations with separate checking accounts?

A separate checking account is unnecessary. However, a separate account in the chart of accounts under restricted assets should be maintained for AAUW Funds.

4. Could you go over the process of sending donations made to AAUW Funds to national?

See <https://www.aauw.org/resources/member/contribution-report-form/>



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5. **Our branch was told by CA Tech Trek that the tech trek and local scholarship donations needed to come as separate checks from member to the fund, not as a pass through with dues. Is this correct?**
Yes, if the branch is an IRC Sec. 501(c)(4) organization and the donor wants a tax deduction for the donation. For Tech Trek, checks must be written to AAUW CA SPF, with Tech Trek written in the memo line, including AAUW CA Branch and specific Tech Trek Camp (if applicable). For donations for local scholarships that are handled by a Special Project Fund (see <https://specialprojectsfund-ca.aauw.net/>), checks should be written to AAUW CA SPF with a notation on the memo line identifying the project. For donations handled by another 501(c)(3) organization (e.g., a local college), checks should be written according to directions from the organization.
6. **In a 501(c)(4) branch, if a check is written to branch for AAUW Funds, will it be deductible for donor?**
Yes, according to AAUW FUNDRAISING POLICY 501 WITH GUIDELINES at I.2 at <https://www.aauw.org/app/uploads/2020/05/501-Fundraising-Policy-Guidelines.pdf>
7. **Do we need separate checks if donating to AAUW funds or Tech Trek SPF?**
No for AAUW Funds and yes for Tech Trek SPF.
8. **If money is donated to a branch which is a 501(c)(4) and the donation is passed to a 501(c)(3) in the same year, is it tax deductible to the donor?**
No. If a check is written to the branch and the branch then writes a check to a 501(c)(3) organization, the donor receives a tax deduction only if the beneficiary is AAUW Funds.

Accounting Guide questions

1. **If dues are paid via MPP must state and national dues be tracked?**
If a member pays dues online for branch, state and local dues, you will only need to record the branch dues in your accounting system. The branch dues will be sent from National AAUW to your checking account each month via direct deposit entry called "AAUW Educational Cash(CD)". You will need to check in the MSD Under "Branch MPP Dues Summary" to match the names of the members with the branch dues payments you received in a particular month.
2. **If there is extra donation to AAUW Funds coming in with dues payment, is it noted as a liability or income or asset?**
If a member includes an AAUW Fund donation with the membership dues paid to the branch, the AAUW Fund donation is recorded as a branch Liability, as are the state and national dues portions of the payment. You will reduce these three liabilities to zero when you make the renewal payment for the member using your debit card through the MSD. The MSD automatically calculates the amount the member owes for state and national dues and has a field for you to enter the member's donations to AAUW fund.
3. **Can liabilities increase?**
Current Liabilities can increase if you increase your amount of unpaid bills.
4. **Why is a deposit for a venue an asset?**
When you reserve a space for an event that is planned for a subsequent year, you are purchasing the right to



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use the space in the future. This right is something you now own and is, therefore, an asset. When you hold the planned activity the following year, you will move this deposit amount into an event expense and will decrease the asset amount to zero.

5. How do we track investment accounts such as transfers from a brokerage account?

You will add your brokerage account to your list of Assets accounts. You will also need to add several income accounts to your chart of accounts, to include interest income, dividend income, gain or loss on sale of assets, and unrealized change in value of assets not sold. Please note that there is a difference between accounting for the brokerage account in the financial statements and accounting for tax return preparation. The tax return will only include “realized” gain or loss from assets sold, interest, and dividend income. The financial statements will also include “unrealized” gain or loss (change in value of assets not sold). At the end of the month, you will record the current value of the account in the brokerage asset account and record the changes in the other income accounts.

6. How, on these spreadsheets, do you document where the money came from, e.g. donation from Mary Smith in honor of Karen Jones?

The branch should maintain a separate document that records each donation’s donor, specifications for use, amount, date, and source (check #, Pay Pal, etc.). This is required for 501(c)(3) organizations and highly recommended for all branches. The donor’s name and other key info may also be recorded in the memo line of the check register entry.

7. Do you have a sample chart of accounts for a 501c4 branch using QuickBooks? It would be very helpful.

Yes. This can be downloaded from the AAUW CA Website <https://www.aauw-ca.org/how-to-be-a-branch-treasurer/>

8. Do you have an excel sheet set up with the basics for us to use (and revise for our branch, of course)?

This is available on the AAUW CA Website <https://www.aauw-ca.org/how-to-be-a-branch-treasurer/>

9. We’ve been told that we can’t change the budget once the year is underway. Or can we?

The budget is a financial expression of your branch plan for the year. Since it is a forecast, the budget is not a perfect predictor of what your branch will need to conduct its activities. While organizations typically do not change the budget after it is approved, branch boards may authorize variances in spending compared to the original budget if plans or conditions change. Variances in income will also occur.

10. It would be helpful to have the sheets for 501c4 since that’s most branches.

All the spreadsheets apply to both 501(c)(3) and 501(c)(4) branches. The difference lies only in the tax deductibility of donations for the donors. We have clarified the year end tab (Tab 19) to show a real-world example that applies to both branch types.

11. What reports should I submit to my Board?

Monthly Reports:

1. Month- End Activity (Tab 16)
2. Actual to Budget (Tab 17)



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3. Funds Report (Tab 18)

Your Board may request to see one or more of these reports each month. It is good practice to send the reports to the Board Members prior to the meeting.

12. Do we need to send any financial reports to national or state AAUW?

There are no reports to send routinely to AAUW national or AAUW CA.

Miscellaneous: Records, QuickBooks, Membership, and Insurance

1. Explain membership processing step by step.

The most convenient way of renewing membership is online on national's website. Dues for national, state and branch are paid there and distributed by national. A member can access their link from their MSD account. If dues are paid to the branch, it can use the MPP program through the Member Services Database (MSD) to submit national and state dues to national using a branch debit or credit card. An alternative way is to use the traditional Branch Dues Report Form (BDR) and send checks separately to national and state. For more information, see: <https://ww3.aauw.org/resource/branch-dues-report-process/>

2. How best can Membership and Treasurer work together?

A membership treasurer can handle membership renewals in MPP.

3. How can we divide the treasurer job among multiple people?

Here are some possibilities for sharing responsibilities with other positions:

- a. Membership treasurer: Enters membership renewals in MPP
- b. Tech Trek treasurer: Manages Tech Trek accounting for branch such as collecting donations, tracking funds coming in, receiving donations to AAUW CA SPF and sending to camp treasurers
- c. Event chair: Maintains details of all transactions related to the event and creates a net sheet (see Accounting Guide Tab 13)
- d. Project treasurer: Any external 501(c)(3) project funded by the branch could have its own treasurer. This is required for an SPF project.

4. What QuickBooks package are branches using?

Typically, branches use the desktop version of QuickBooks as the online version is more expensive. For 501(c)(3) branches, cheaper versions can be obtained from TechSoup: <https://www.techsoup.org/>

5. Is there a recommendation for a cloud-based accounting tool?

QuickBooks Online works well but is very expensive for 501(c)(4) organizations. For 501(c)(3) branches, cheaper versions can be obtained from TechSoup: <https://www.techsoup.org/>

6. Do we need to maintain paper records or will electronic only suffice?

It is possible to maintain records entirely electronically. It is a choice for branches whether to use one or the other or a hybrid approach.



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7. Do records need to be audited or just reviewed?

It is recommended that branches review their records from the prior year, but it is not a requirement. Audits are not required.

8. How long do we keep records for?

Financial records should be maintained for 7 years.

9. What do you do with records older than 7 years?

Records older than 7 years can be disposed of.

10. What does our insurance cover and how and when do we use it?

A document containing frequently asked insurance questions is available on the website. Check here:

<https://www.aauw-ca.org/documents/2017/08/branch-liability-qa.pdf/>