



Legal Entity Finance Manual

(Section / MAL/ Affiliate)

TABLE OF CONTENTS

I.	Purpose	2
II.	Scope	2
III.	Financial Responsibilities	2
IV.	Financial Policy, Procedures and Records	3
V.	Accounting Fundamentals	5
VI.	501(c)(3) Reporting	11
VII.	Assessments and Audits	15
VIII.	Fund Management and Investing	16
IX.	Society Endowment Management	19
Appendix A – Financial Policy Example: Fiscal Year Budget		21
Appendix B – Treasurer Transition Checklist		22
Appendix C – Journal / Ledger Report Examples		24
Appendix D – Sample Expense Reimbursement Form		27
Appendix E – Obtaining an Employer ID Number (EIN)		28
Appendix F – e-Postcard Instructions (IRS Form 990-N)		31
Appendix G – Donor Letter Example		33
Appendix H – Direct Deposit Authorization Instructions		34
Appendix I – Program Plan Policy Example		35
Appendix J – Section Finance Committee Policy Example		37
Appendix K – Investment Policy Example		38
Appendix L – Reference Documents & Web Sites		40
Appendix M – Revisions		41

I. Purpose

This document was developed by the Society Finance Committee to provide information to help membership entities manage their finances. The entities should use this document for the purpose of remaining in good standing with the Society and the Internal Revenue Service (IRS) to maintain their 501(c)(3) tax exempt status.

II. Scope

This document is a resource for all sections within the Society, both professional and collegiate, and the members at large (MAL) organization. All references to executive council are intended to include section executive council and MAL council. The scope of this document is based on United States of America fiduciary responsibilities. This may be used by international entities for fiduciary guidance.

III. Financial Responsibilities

A. Treasurer

The responsibilities of the treasurer are as follows:

- Assist in preparing the annual budget
- Collect, safely keep, and distribute funds
- Sign checks and facilitate/approve electronic payments/transfers including debit card transactions
- Keep an exact accounting of all receipts and expenditures
- Present a financial report at each meeting of the executive council, based upon the approved budget, and answer inquiries on financial matters
- Prepare the annual financial report to the Society
- File annual e-Postcard or 990 tax forms with the IRS
- Support the financial assessment committee, as required
- Assume other financial duties as assigned by the president or executive council, as applicable
- Maintain secure login information (user ID and password) for electronic access to financial accounts

B. President

The responsibilities of the president are as follows:

- Review the budget and establish annual fiscal year budget as required by the entity procedures
- Authorize the signing of checks or electronic payments including debit card payments or serve as the second signature on checks as required by the entity procedures
- Provide oversight of entity finances throughout the fiscal year
- Review, approve, and submit (online submittal of the report may be transferred to the treasurer) the annual financial report to the Society
- Appoint the chair of the financial assessment committee, with approval of the executive committee if required by the entity bylaws

- Consult the bylaws and applicable manuals and procedures for additional responsibilities

C. Financial Assessment Committee

Financial self-assessments are recommended to be conducted annually at the start of each fiscal year and when necessary such as at treasurer mid-year transition. The purpose of the financial assessment is to verify the integrity of the entities' financial procedures. Guidelines for conducting a financial assessment are provided in [Section VII.A](#). Guidelines for when to conduct a third-party financial audit are provided in [Section VII.B](#). Note that an audit may only be conducted by a paid auditor.

D. All - Councils and Committee Chairs

The responsibilities of the councils and committee chairs are as follows:

- Provide input to the annual budgeting process
- Approve the budget in accordance with entity bylaws
- Provide appropriate documentation for income received and any reimbursement requests
- Expend and commit funds only in accordance with the approved budget and applicable procedures
- Review financial reports issued by the treasurer

IV. Financial Policy, Procedures and Records

A. Fiscal Year Budget Policy

SWE entities are encouraged to establish a fiscal year budget policy which defines how the entity will manage their funds. For more information, see [Appendix A – Financial Policy Example: Fiscal Year Budget](#).

B. Financial Records & Retention Data to Provide to the New Treasurer

There a number of critical items that must be transferred to the new treasurer during the transition. These items are identified in [Appendix B – Treasurer Transition Checklist](#) along with data retention requirements.

C. Accounting

SWE entities can select from two forms of accounting – cash and accrual. Either method may be used, as both track income and expenses. It is recommended that entities that have less than \$25,000 of income per year or have assets totaling \$10,000 or less utilize the cash method. Entities with assets/income greater than these values are advised to use the accrual method.

In the cash method, income is counted when cash, check, or credit is received and expenses are recorded when actually paid. This is real-time cash flow. When a check is received, it becomes a cash receipt. Expenses are recorded when the bills are paid.

In the accrual method, transactions are counted when they happen regardless of when money is actually received or paid. So, income is recorded when it is earned, not received.

Similarly, expenses are noted when actually incurred, not when the bill is received and paid. It is not necessary for cash to be exchanged.

Many SWE entities follow a modified accrual method. They primarily keep their books on a cash basis, but incorporate accounts payable and accounts receivable as needed during the year. For example, the treasurer may set up a receivable as a reminder that someone owes \$xx for the meeting at which that person forgot to bring a checkbook. With the modified accrual method, all known payables, receivables, and the associated expenses and income are recorded before the books are closed for the fiscal year.

D. Financial Reports

All entities are required to complete and submit financial reports to the Society on an annual basis. The financial report summarizes the sources and uses of funds. A financial report must be submitted even if there are zero transactions for the year.

The financial report is prepared by the treasurer, reviewed by the president, and submitted to Society headquarters no later than July 30th. If possible, the online reporting tool should be used. Instructions for [EZ Finance Report Form](#) are available on the Society website under the SWE Governance Documents Section Finance Resources of the Member Services page. It is recommended that the spreadsheet be used in preparation for completing and submitting the forms using the online reporting tool. A copy of the completed spreadsheet should also be saved for your records as the online form may change from year to year.

If you're unsure if your report was submitted, contact HQ to determine if the financial report submitted was received and to confirm that rebates will be sent.

For more information about filling out the financial report, reference the [Upload a Financial Report Instructions](#) file SWE Governance Documents Leadership Portal Instructions category of the Member Services website.

V. Accounting Fundamentals

A. Journal

All entities must keep financial records. The basic record is a journal in which the treasurer documents receipts and disbursements chronologically. An Excel spreadsheet may be used to maintain this information. Or commercially available programs such as, Quicken, can be used for tracking financial transactions. See [Appendix C](#) for a sample journal form.

1. Income

All income must be recorded in the journal, showing the income account for which the item is received. Copies of any documentation received with the income should be retained. Don't forget to record items such as interest received from the financial institution.

2. Expenses

All expenses must be recorded in the journal. Remember to record any expenses such as service or check fees that are deducted by the financial institution. Reimbursement requests should specify the budget line to which the expense will be charged. It is highly recommended that receipts documenting payment validity accompany all requests for reimbursement. Requests without any supporting documentation should be questioned. See [Appendix D](#) for a sample expense reimbursement request form.

B. Ledger

The second type of record is the ledger. The ledger is a record used to sort and store balance sheet and income statement transactions. Examples of general ledger accounts include the asset accounts such as Cash, Accounts Receivable, Inventory, and Investments. It provides a means of grouping sources of receipts and recipients of disbursements. It is recommended that the line items used in your books are the same as in the financial report form. If an entity requires more detail in its accounts, it is suggested that the line items be grouped so that the subtotals can go directly into the report. See [Appendix C](#) for a sample ledger form.

C. Net vs. Gross Amounts

The budget should be based on all expected income and expenses, not just the net amount (income minus expenses). For any event or project, budget the income expected and all expenses. The gross numbers will be needed for tax purposes.

D. Membership Dues Rebates

SWE sections in good standing qualify for dues rebates. Affiliate groups of SWE members that do not have the membership to meet the requirements for a section, or they do not want the formality (and financial responsibility) that a section entails, do not qualify to receive dues rebates.

I. Rebate Schedule

Society headquarters issues membership dues rebates on a quarterly basis according to the following schedule:

Month	Membership payments for:
July	April 1 - June 30
October	July 1 - September 30
January	October 1 - December 31
April	January 1 - March 31

II. Estimated Rebate Amount

Rebates will be paid to an entity based on the member's assignment on the date the rebate report is generated by SWE HQ. Entities are rebated 20% of the net dues collected from their respective members. The table below provides a summary based on membership type.

Member Type	Annual Dues	Rebate Amount
Professional	\$100	20%
Life	None after financial commitment paid	20% of professional dues
Corporate	3 memberships for Associate 9 memberships Corporate	20% of professional dues
Employer-Sponsored	companies pay fixed amount for x # of memberships	20% of \$30 (assumed)
Collegiate to Career	\$50 one time for collegiate years	20% the year the payment is made
Collegiate	\$20	20%

III. Criteria to Receive Rebates

Rebates may be received either through [direct deposit](#) (preferred) or by check (with an approved exception). The requirements to receive a rebate are as follows:

- i. The financial report for the previous fiscal year must have been filed with Society headquarters (unless the section did not exist during the previous fiscal year);
- ii. The entity must have an EIN separate from both the Society and SWE-EFI, if the entity has any interest-bearing accounts or accounts stored within their university for which the university does not provide an umbrella EIN (will depend on each university); and
- iii. The president or treasurer must be a member in good standing with the Society.

E. Sales

Sales consist of income for any items or services for which a fee is charged. Track the total gross sales dollars as well as the cost of the items or services (referred to as costs of goods sold).

Since SWE is an educational, nonprofit organization, the government expects us to conduct activities related to our mission. If the activity is not directly related to our mission, such as T-shirt sales or advertising revenue, then it may be considered unrelated income. Refer to the [Section 990-T](#) in this document for more information on unrelated income and tax implications.

Sales tax varies by state; therefore, each entity is responsible for obtaining state sales tax exemptions if applicable. If an entity doesn't have an exemption, the entity may be required to pay sales tax on items sold. Whether or not the entity is tax-exempt, the entity is required to collect sales tax on taxable items sold. Refer to respective state website for taxation and revenue information.

Note: Having a SWE logo on an item sold does not automatically make it related income. Refer to [Section VIII.A. Fundraising](#) for more information on guidelines for use of the SWE logo.

F. Meetings/Workshops/Events

Officer and committee chairs should provide the treasurer with budgets for meetings, workshops, and events consisting of gross income and total costs. If the meeting or event is a fundraiser, then this should be noted and the additional amount desired should be included in the charge to attend. For example, if the dinner cost is \$30 per person and \$5 per person is the desired amount to be raised for the scholarship fund, then attendees need to be charged a minimum of \$35 to attend. It is appropriate to inform attendees how much of the cost is fundraising and therefore may be tax deductible. See [Section VIII.A. Fundraising](#) for additional guidance regarding fundraising.

Remember to include minimum attendance requirements needed for an event to break even. Room charges may be independent of the number of attendees. There might also be cancellation charges to consider. Also, be sure to include gratuities and taxes. For many events, prices to attend vary, with non-members being the most expensive, professional members next, and then retirees, collegiate members, and unemployed. This differentiation isn't necessary but provides incentive to become a member and maintain membership if there is a reduced cost to attend meetings and events.

Each meeting or event does not require a separate line item in the budget or a separate budget. Each section/MAL should decide what minimum value dictates the need for a separate budget or separate line item on the budget. A starting point might be 10% of the total budget for each special project.

G. Balance Sheet or Statement of Financial Position

A balance sheet or statement of financial position is a “snapshot” of the entity’s finances for a moment in time. It measures the “worth” of the entity’s finances. The treasurer should always include a balance sheet with each report issued to the executive council.

The first half of the sheet will list assets. Current assets include cash and easily liquidated savings (also known as cash equivalents), such as securities, money markets, and certificates of deposit (CDs). Accounts receivables consist of income expected from others for goods or services. Accounts receivable have become a larger portion of assets in recent years as use of credit cards has increased. Other assets include inventory of items owned including T-shirts and other fundraising items that are held but not yet sold by the section. There may also be long-term assets, such as fixed assets and depreciation; however, long-term assets are not typically held by entities.

The other half of the sheet is for accounts payable or liabilities. Accounts payable include outstanding bills and obligations for labor or materials to others. The total of the liabilities is subtracted from the total assets, giving the total equity or net worth of the section/MAL at that time. If the entity has any restricted, temporarily restricted, or designated funds, the equity balance for each of those funds must be identified separately from the unrestricted equity. **(See [Fund Definitions](#) for a description of these funds.)**

The balance sheet must be updated annually as part of the financial report and should be maintained throughout the year.

1. Measuring and Valuing Inventory

Entities sometimes have SWE-related products such as coffee mugs, banners, jewelry, portfolio books, and T-shirts that they sell to raise money. These items are typically purchased in bulk and paid for at one time, although income from selling them comes over a longer period of time. Entities should value the inventory at the cost of the items when purchased, for reporting purposes. If there is a question about whether these items are appreciating in value over the time period they are held before being sold (e.g. expensive jewelry), the entity’s treasurer should contact the Society treasurer or finance committee chair for guidance. If at some point the items are no longer considered salable, they should be written off and the value deducted from assets.

2. Receivables and Payables

When the entity receives a promise of income, it can record this as an account receivable. Receivables can come from several sources. A company might send a letter indicating it will send a check. A member might attend a dinner meeting but forget to bring a check. The treasurer should show the item as income in the journal when the promise is received and add an account receivable under the asset section of the balance sheet. When the check arrives and is deposited, the treasurer reduces the account receivable by the amount of the check and increases the bank account balance by the same

amount.

Payables work similarly. When the entity commits to spending the money, the treasurer should record the item as an expense in the journal and create an account payable under the liabilities section of the balance sheet. When the check is written, the treasurer should reduce the account payable by the amount of the check and decrease the bank account balance by the same amount. One of the most common payables is for scholarships – the scholarship winners are selected in one fiscal year and the checks are written in the next fiscal year. Another example is expenses incurred for an event, for which a company will bill at a later time, e.g. a commitment to a hotel for an event.

Receivables and payables will often be shown on the annual financial report form in order to balance the expected income and expense for the current year with the actual bank account balances. The treasurer should periodically follow up on any outstanding receivables and payables. If a receivable is later determined to be uncollectible, the receivable and associated income need to be written off. If a payable is later determined to be incorrect or for an incorrect amount, the payable and associated expense should be adjusted accordingly.

H. Bank Accounts and Investments

Most entities keep working cash in a checking account at financial institutions. The assets that will not be required for about a month should be earning interest or be otherwise invested. This is an additional source of income. Collegiate sections should check with their universities' rules and requirements before setting up or adding any type of account for SWE funds.

In order to open an account, the entity will need an Employer Identification Number (EIN). This is the equivalent of an individual's Social Security number on personal accounts. Under no circumstances should the entity use the Society's EIN or a member's Social Security number. If the entity does not have an EIN, the entity can apply for one online. **Refer to [Appendix E](#) for more information on obtaining an EIN number.**

All bank and investment accounts should have a minimum of two and maximum of three officers permitted to sign checks or authorize electronic payments. This ensures that the entity can continue to pay its bills when the treasurer is not available.

Additionally, it is recommended that the statements from all financial institutions be sent to and reviewed by at least one additional officer, beyond the treasurer. This helps to maintain financial oversight. Alternatively, another officer could spot check online statements at all financial institutions to ensure that the amounts reported by the treasurer on the balance sheet are accurate.

Direct Deposit is the preferred method to receive income (dues rebates, program development grants, etc.) from the Society. Refer to [Appendix H – Direct Deposit Authorization Instructions](#) for more information. If an entity cannot comply with the direct deposit requirement (for example, a collegiate section may not be allowed to do this under their university umbrella), a formal exception may be requested by SWE HQ. If a rebate check is required, and is not cashed within six months, a replacement check will be re-issued once a request is made in writing to the Society treasurer. If the original check is returned with the request, a check in the amount of the rebate due will be reissued. If the

original check is not returned with the request, the reissued check will have any bank charges incurred by the Society for items such as check cancellation fees deducted from the reissued rebate check amount. Checks will be re-issued for up to one fiscal year in arrears.

Fund Definitions:

Types of Fund	Description
Permanently restricted	The principal balance from trust and bequeathed funds designated for a specific purpose and independent from the entity operating budget. The principal balance of the contribution will remain an investment forever, and the entity will utilize the interest and investment returns.
Temporarily restricted	Donations that are pre-specified for a program/event and held over from year to year until the monies are expended or otherwise released from restriction. These are donor-imposed restrictions that can be fulfilled in one of two ways: <ul style="list-style-type: none"> • passage of defined period of time (time restriction) • by performing defined activities (purpose restriction). An example is annual scholarship donations.
Designated	Income from the operating budget specified by the executive council for special purposes such as travel to conferences or collegiate assistance.

Restricted funds must be accounted for separately from unrestricted accounts, although the actual monies may be commingled at the financial institution. If significant amounts of restricted funds are involved, the entity may have a board of trustees or an investment committee manage the investments. Please refer to [Appendix J – Section Finance Committee Policy Example](#) for more information on how to establish this membership body.

I. Reports

Each entity will decide how often the treasurer will report to the officers and members on the financial health of the entity. It is recommended that the treasurer report monthly (or at least at every executive council meeting) to the officers on income and expense related to the budget and income related to expense. It is also recommended that the entity treasurer report at least annually to all respective members on the same items.

VI. 501(c)(3) Reporting

A. Federal Tax Exemption

I. Federal Tax Exemption

The Society of Women Engineers applied for and was granted federal tax-exempt status in 1960. In 1992, the Society's tax-exempt status was extended to cover other subordinate entities, including professional and collegiate sections, provided they (a) have their own EIN and (b) request the exemption status. ***Possession of an EIN by the entity does not indicate tax-exempt status.***

A copy of the [letter](#) affirming the Society's and other subordinate entities' 501(c)(3) tax exemption is available under the SWE Organization section of the [SWE Governance Documents](#) web page.

The list of entities covered under this letter may change from year to year. Contact SWE headquarters to confirm if your entity qualifies as a subordinate of the Society.

Any collegiate section operating under its respective university's EIN cannot be made a subordinate of the Society and will not be covered under SWE's tax-exempt status.

Refer to Appendix E for instructions on applying for an EIN and/or requesting inclusion under SWE's tax exempt status.

II. State Tax Exemptions

Individual state tax codes make various provisions for similar types of tax exemptions. These provisions in state and federal tax codes make it possible for the Society and its entities to be the recipient of charitable donations on the part of corporations, foundations and individuals; however, because of the wide diversity in state tax codes, each entity must pursue these separately.

B. Annual IRS Reporting

I. Does this entity need to file a tax form with the IRS?

Yes, unless your collegiate section is covered under your college or university umbrella (contact the associated college or university)

All other collegiate and professional entities must file their own tax form. Each entity must use its unique EIN for tax filing purposes and confirm that the entity is covered by the SWE group tax exemption. ***Do not use the Society's EIN. A collegiate section may not use their college's EIN number as a unique EIN;*** the collegiate section must use a unique and specific EIN if it is not covered under the college's tax exemption.

Refer to [Appendix E](#) for additional information on obtaining an EIN and obtaining coverage under the SWE group tax exemption.

A webinar titled ["SWE, Your EIN, and the IRS"](#) is available for replay under the SWE Advance Presenter Blogs to help answer your general questions.

II. Which tax form does an entity need to file?

The IRS requires different levels of reporting based on gross receipts and assets on hand at the end of the fiscal year.

Start by calculating the entity income (gross receipts) for past three-year period (or maximum period the entity has existed). In calculating this average, include **all** income from **all** sources (this includes interest, capital gains, and dividends from bonds, mutual funds or savings accounts) for the current and past years.

Current year's income and three-year average income is below \$50,000?

Entities that fall under these criteria are required to file an "e-Postcard" (IRS Form 990-N). The entity can file an IRS form 990 or 990-EZ, but it is not required. The "e-Postcard" helps the IRS maintain up-to-date information on small nonprofit organizations (like contact information). This short-form return may only be filed electronically. Refer to [Appendix F – e-Postcard Instructions \(IRS Form 990-N\)](#) for detailed instructions on filing an e-Postcard.

Three-year average income is above \$50,000?

Entities that fall under these criteria will be required to file an IRS Form 990 or IRS Form 990-EZ. When an entity files an IRS 990 or 990-EZ form, the entity is not required to file a IRS 990-N, e-postcard. If the entity falls into this category, the treasurer may wish to contact a tax professional for assistance.

When the gross receipts for the current year are less than \$200,000 and the total assets at the end of the year are less than \$500,000 the IRS Form 990-EZ may be used. If these limits are exceeded, the IRS Form 990 is required.

Refer to ***IRS Publication 557*** for additional information.

Is the entity's gross income from unrelated businesses more than \$1000?

The entity may be required to file an IRS Form 990-T. Refer to ***IRS Publication 598 - Tax on Unrelated Business Income of Exempt Organizations*** for more information.

III. When is the deadline to file tax forms?

The filing deadline is the 15th day of the fifth month after the end of the entity's fiscal year. For SWE entities, this equates to a deadline of **November 15**. Entities may file before the end of the fiscal year, if all financial activity is complete. **Entities are strongly encouraged to file as soon as possible** after the close of the fiscal year (June 30). **If you miss the deadline, please file as soon as possible.**

Consequences of failure to file the e-Postcard for *three consecutive years* include loss of tax-exempt status. The IRS may then choose to treat the organization as a business entity with income treated as business income. The organization would also face potential penalties for failure to file, even though the organization would not owe any tax. **If you believe your entity may have failed to file an e-Postcard for three consecutive years**, please contact SWE headquarters for instructions on filing for reinstatement.

C. Unrelated Business Income - IRS Form 990-T

Unrelated business income is defined as the income from a trade or business that is regularly carried on by an exempt organization and that is not substantially related to the performance by the organization of its exempt purpose or function, except that the organization uses the profits derived from this activity.

Gross income is defined as gross receipts minus the cost of goods sold.

The SWE tax exemption is based on our being organized for educational purposes. If an entity has gross income of \$1000 or more from activities not substantially related to educational purposes, the entity must file a 990-T and pay the appropriate tax. The emphasis should be on the regularity of the activity. If the entity receives income from food sales at an annual event, this is not considered regular activity. If the entity receives T-shirt income from sales at a monthly meeting, it is considered unrelated income. Advertising income, regardless of the regularity issue, is considered unrelated income. However, if the entity has a policy that states income from something like T-shirt sales or advertising income is specifically for a certain program, then it does not count as unrelated income.

D. Donations, IRS Form W-9, and Donor Acknowledgment

I. IRS Form W-9: Request for Taxpayer Identification and Certification

Some companies will request an IRS form W-9 for their donation and will send you a form 1099 with a copy to the IRS. This is their way of staying straight with the IRS about their charitable donations. Instructions for completing the W-9 form and an electronic copy of the form can be found on the [IRS website](#). Entities should fill in their name and address at the top of the form and complete Part I. The treasurer or president should sign Part II of the form before sending it to the requesting donor.

II. What should the entity do when a donation is received?

a) Is the donation less than \$250?

A letter stating acknowledgement of the contributions is recommended.

b) Is the donation more than \$250?

A letter of “acknowledgement to substantiate contributions” is required for all donors who contribute \$250 or more.

c) Were goods and services provided to the donor?

The acknowledgement for cases where goods or services are provided to a donor is a bit more complicated. The process involves establishing a value for those goods or services above a threshold of “goods or services of insubstantial value or certain membership benefits”.

Consider for example that the entity ran a golf tournament and the participants paid \$300 for the event. If they received \$100 in green fees, cart fees and food, the entity would have to provide data in the letter, which acknowledges a good faith estimate of the goods or services received (in this case \$100), and the donor would be responsible for subtracting that amount when claiming a tax deduction.

If the publicity for an event or sale claims the donation will be tax deductible, the entity may be held liable if a donor claims a deduction and the IRS disallows it. It is the responsibility of the person purchasing the items or making the charitable contribution to consult with their tax advisor to determine the extent to which they may be able to claim tax deductions.

Refer to [IRS Publication 1771](#), Charitable Contributions-Substantiation and Disclosure Requirements, for examples in regard to this issue.

Entities that have more complex donation situations should seek advice from a certified public accountant (CPA).

d) Was the donation In-Kind?

In the case of in-kind donations, the entity should send a thank you note with a description of what they received. With that, the donor can determine what the value is for tax purposes. Caution should be used in small or questionable donations, e.g. a single meeting room as part of a larger contract with a hotel, or the use of a projector to avoid the need for renting equipment.

e) Requirements of an acknowledgement

1. Be Written
2. Be contemporaneous (be timely for the donor to use for their tax return preparation)
3. State the amount of any cash the organization received
4. State whether or not the organization gave the donor any goods or services in exchange for the donor's contribution
5. An example acknowledgement letter can be found in [Appendix G](#)

f) Records to maintain for donations

The entity needs to keep files on donations with the donor's name and address, the year and the amount of the gift.

These are confidential records that are not shared except on yearly lists of donor categories, such as under \$99; \$100 to \$499; and \$500 to \$1000, to protect confidentiality of the donor. If a donor requests anonymity, it is important to honor that request. Donor records can be as simple as a spreadsheet that is passed from treasurer to treasurer. Sometimes the name of the person who asked for the gift is also on the record.

Public support is one of the things the IRS looks at to decide if you qualify for tax exemption as a 501(c)(3). To be considered a "public charity," one-third of a charitable organization's income must come from the general public under 509(a)(1). These are direct donations for which no goods or services of significant value are exchanged. Donations from corporations, foundations, individuals, and government grants qualify as public support.

Fundraising events are not solely public support, since sales of flowers, dinners, and other events have goods and services exchanged. The only portions of event income that can be deducted are for direct donations or for the net income from the event after all expenses and fair market value

of prizes and favors are deducted. Tickets must be printed to tell the attendee how much may be tax deductible.

The entity will have to describe its events in IRS Form 990, [Return of Organization Exempt From Income Tax](#), if it meets the reporting requirement.

E. Where can I find more information?

- I. [IRS Publication 1771](#), Charitable Contributions-Substantiation and Disclosure Requirements
- II. [The IRS Website for Charitable Organizations](#)

F. Additional Resources

- I. [IRS Tax Basics For Exempt Organizations - Maintaining Exempt Status](#)
- II. [IRS Form 990 Overview Course](#)
- III. [IRS Publication 4221-PC. Compliance Guide for 501\(c\)\(3\) Public Charities](#)

VII. Assessments and Audits

A. Assessment

It is recommended that every entity should conduct a yearly financial assessment to ensure that the accounting of the entity is objective, fair, complete, and accurate. A financial assessment is recommended to take place early in the fiscal year and when a transition occurs. If it cannot be done early in the fiscal year, it should be done before the end of the fiscal year. An assessment is a detailed examination of the financial statements and the financial records of the entity. Assessments determine if the accounting procedures conform to best practices used by other nonprofit organizations. **The results of the financial assessment are for the benefit of the entity. There is no requirement to share the results with SWE headquarters.**

The specific objectives of the assessment will address one or more of the following general management objectives:

- Safeguard the assets of the organization.
- Ensure the accuracy, reliability, timeliness, and integrity of the accounting and operational data.
- Promote operational efficiency.
- Ensure compliance with managerial policies, laws, regulations, and sound business practices.
- Make recommendations to improve accounting systems.

Each entity should establish a financial assessment committee to perform the yearly financial assessment. Members who are involved in the management of the finances (i.e. the entity treasurer, entity president, or financial chair) cannot be members of the financial assessment committee and should not complete the forms. However, the past or current

Treasurer should be available during the assessment to provide records and answer questions.

Refer to the detailed [Financial Assessment Procedure](#) available on the Society website under the SWE Governance Documents Section Information [Financial Resources](#) category of the Member Services page.

B. Audit

The annual financial assessment should meet the needs of most entities with respect to verifying the financial integrity of the assets. However, if irregularities are found that appear to be material when conducting the annual financial assessment, the entity may wish to consider conducting an audit. Donors may also require audited financial statements from the entity. A paid auditor must conduct the audit in order for it to be called an audit (versus an assessment).

VIII. Fund Management and Investing

A. Fundraising

Most entities do some type of fundraising. It is important that these activities are consistent with the SWE's mission and do not jeopardize the Society's tax-exempt status. SWE is exempt under Internal Revenue Service code section 501(c)(3), as an educational service organization. If your entity is incorporated, it is still under charter to the Society and must comply with the rules.

A well-planned fundraising program will provide resources for the activities that support the Society's goals. The fundraising activities should be in good taste and in keeping with the professional image of the Society. They do not require the Board of Directors' approval as long as it is made clear that they are the activities of the entity and not the Society. Fundraising is a highly individual matter. When your entity finds a successful method, kindly share it with others in SWE.

There are many successful ways to raise funds. These include:

- Direct solicitation of local industry
- Direct solicitation of members
- A surcharge on dinner meetings
- Registration fees at seminars and workshops
- Flea market or yard sales of donated materials
- A booth at the SWE Boutique at Society Annual and WELocal conferences
- Product sales, e.g. mugs, T-shirts, stationery (examples from [sweSwag](#) below - be sure to refer to the [SWE Brand Guidelines](#) for developing custom items)



- Auction of members' services, e.g. car washing, gourmet meals, shopping, etc.
- Newsletter advertisements (note that paid ads may cause you to be unable to send your newsletter electronically or to mail your newsletter at nonprofit bulk rates – check with the post office where the bulk mail permit was issued for more information)
- Corporate matching funds for donations or fund-matching for volunteer time

Some states require registration yearly or every other year in order to solicit funds in their state. The fee can vary depending on your organization's revenue or assets; there may be an exemption for charities raising less than a certain minimum amount set by the state. Information can be obtained from the Secretary of State in your state.

It is also important to be aware of IRS rules related to charitable contributions and deductions. If your publicity for an event or sale claims the donation will be tax deductible, you may be held liable if a donor claims a deduction and the IRS disallows it. A person can only claim a tax deduction for the amount they paid that's greater than the value of the item they received (if any). In other words, a taxpayer who buys items that were donated to a fundraising event can only claim a charitable contribution for the amount they paid above the value of the items (if any), even though 100 percent of the money goes to the charity.

Each entity needs to keep files on donations with the donor's name and address, the year and the amount of the gift.

Refer to [Section VI.F.](#), Donations and Donor Acknowledgment, for more information.

B. Grants

Grants are the lifeblood of many nonprofit organizations, especially if you have long-term relationships with major corporate funders. The size of grants can range from modest sums for local organizations to multimillion-dollar grants for major national organizations. There are some common myths surrounding grants. The first myth is that they are difficult. They are not difficult if you can write clear sentences and follow the guidelines the corporation has for giving money. The second myth is that they should be the most important fund development tools of the organization. This is simply not true: 87% of all donations in year 2000 in the United States came from individuals. Corporations gave only 5% of all donations. Foundations gave only 11%.

So, where should you spend most of your time raising money?

1. [Society Program Development Grants](#)

The Society raises money to support entity projects and an entity may apply for a program development grant (PDG). Check the Society website for the latest PDG opportunity deadlines, guidelines and applications.

Treasurers need to separately track the expenditures of the Society's PDGs and other grants as temporarily restricted funds. (See Section V.G - [Balance Sheet or Statement of Financial Position](#) for more information.) While the funds may be kept in the entity's existing checking or savings accounts, the funds must be accounted for separately.

2. Employee Matching Funds and Cause-Related Marketing

There are several other sources of money locally. Most corporations have some type of employee support for their contributions or volunteer time. Some corporations will donate to nonprofit organizations where their employee volunteers. Members can often apply for expense money if they are a committee member or officer of an entity. They can also request support for an engineering day they are involved in or ask for local support of a project with a school. If a member gives a donation, they also may have a matching gift program at their company.

Advertising or other cause related marketing takes another form and is considered earned income rather than a donation and is taxable. If the entity has a career fair for its members, a corporation may be willing to pay for the opportunity to give out its products and get visibility as a sponsor to develop its goodwill in the community. Check your state's law on these types of income for possible tax implications.

C. Fund Development

Fund development is long-term funding to build a solid base of support for the organization. The organization builds relationships with different groups of loyal donors who give consistently and receive benefits in the process of giving. Fund development depends on one-on-one (in-person) solicitations, and requires research into what project or program the donor wants to give to and what recognition and benefits the donor desires. It involves input from both internal donors (e.g. members) and external donors (e.g. industry). It is integrated into the long-term strategic planning system of the organization.

D. Investment Policy

If an entity chooses to invest their funds, an investment policy should be developed. This policy may specify the types of investments that are permitted, the amount or percentage of assets that may be in various types of investments, and the authority required for making investment decisions. The executive council should separately approve any actions that go beyond the established guidelines. The executive council may consider establishment of a of a finance committee that will be responsible for the investment strategy. For more information, refer to [Appendix J – Section Finance Committee Policy Example](#). Note the entity should not be investing money just for the sake of investing money. There should be a stated purpose for these funds such as scholarship program development. A sample investment policy is provided in [Appendix K – Investment Policy Example](#).

E. Scholarship Disbursements

IRS Publication 970, [Tax Benefits for Education](#), describes the federal tax policy regarding scholarships. In summary, the policy holds that scholarships designated for tuition, books and fees or portions of scholarships used for tuition, books and fees are tax-free. Any part of a scholarship used for purposes other than tuition, books and fees is taxable. It is the responsibility of each recipient to know their tax liabilities.

Individual state tax policies may differ and should be consulted as appropriate. It is recommended that a statement be included in the scholarship award letter advising the recipient to consult applicable state tax regulations.

F. Program Plan

A program plan should be developed to document a multi-year strategy stating which programs will be run in what years and how they will be funded. In particular, an entity with a large donation or income from a conference/event overage should develop a program plan in order to document intentions on how the funds will be used.

Some examples on program funding mechanisms include:

- All costs of the program to be separately raised
- All costs of the program to be funded entirely from assets
- Entity assets to be used as matching funds so that fund raising only needs to cover X% of the cost of the program
- Designated Program Endowment

A sample program plan is provided in [Appendix I – Program Plan Policy Example](#).

IX. Society Endowment Management

A. Endowed Scholarships

SWE's endowed scholarship program is managed by the Board of Trustees (BOT) and is part of SWE-EFI (Society of Women Engineers Endowment Fund Inc.). An endowment occurs when a certain amount of money is donated to a permanent account. The income from the investment of the donation goes to fund the scholarship stipend and typically includes funding for any administrative fees. The BOT currently requires a minimum donation of \$25,000 for each \$1000 annual scholarship stipend that is awarded. An additional donation to the SWE-EFI Headquarters Fund account in the amount of 10% of the scholarship donation is requested, but not required, to cover annual administrative expenses. Each additional multiple of \$25,000 will increase the stipend by a \$1000. Smaller donations can be added to the principal, once the scholarship has been established, which will grow the scholarship over time. (Please note that these donation levels and the resulting stipends are current as of FY18. Details on the current minimum donation and amount of the annual scholarship stipend can be found on the Society website under the [SWE Governance Documents](#) section of the Member Services page.)

The funds are managed and distributed by the BOT, however, the entity or individual who establishes the scholarship sets the criteria for awarding the scholarship such as grade point average, program of study, location of awardees, etc. Scholarships may also be locally selected if the entity prefers to do so. The endowment is irrevocable.

Once a scholarship is endowed with the BOT, the entity will not include the income or expenses for the endowment in the yearly financial reporting. The BOT issues scholarships based on a defined set of criteria, and the yearly stipend is not received as income into the entity.

For more information on endowing a scholarship, please contact the BOT scholarship liaison at bot-scholarships@swe.org or go to the Society website under the [SWE Governance Documents](#) section of the Member Services page.

B. Designated Fund Program

A Designated Fund (DF) of SWE-EFI is an option intended to provide SWE entities a means to create a permanent stream of income to be used for a designated program within their entity.

If your entity has accumulated a substantial fund balance, and feels they would like to convert this fund balance into a stream of income, this program may be for you. By investing your funds in DF, you will begin to receive a stream of income about a year later. Your funds would be pooled with SWE's other endowed funds for investment. These include the Headquarters Fund, the Awards Fund, and the Scholarship Fund. The BOT would make all investment decisions related to the portfolio, with an investment objective of creating a rising stream of income without undue risk.

SWE expects that your entity will have a strategic purpose in mind for your DF endowment. Some examples of purposes might be: a professional development program, a travel fund for volunteers, or an outreach program. The purpose should be documented within the program plan for the entity, as described in Section VIII.F. [Program Plan](#).

For more information, refer to the Designated Fund Program Contract and the Designated Fund Program FAQ documents which are available on the Society website under the [SWE Governance Documents](#) section of the Member Services page.

Appendix A – Financial Policy Example: Fiscal Year Budget

Budget

- Outgoing officers and committee chairs should prepare a year-end summary of expenses, and pass it on to the incoming officer or committee chair at the transition meeting. This is done with the purpose of aiding the incoming officers in setting the new FY budget.
- At the beginning of the FY each committee chair should present a proposed budget to the officer to which they report.
- Each officer will consolidate the data gathered by their committee chairs and present a proposed budget to the treasurer.
- The treasurer, aided by the finance committee, will finalize the budget for the section for the appropriate FY.
- Any substantial change predicted in the budget by any officer or committee chair must be reported to the treasurer as soon as possible in order to update the budget and assure that the funds will be available.

Reports

- At each executive council meeting the treasurer will present a financial report.
- Periodically, this report should include a budget comparison/update with the purpose of assessing our status/progress.
- The treasurer is responsible for completing and submitting the annual financial report to Society Headquarters on time. The treasurer should also fill in the "Start of Fiscal Year" column on the following year report in order to assure continuity.
- If the section must file taxes the treasurer is responsible for doing so on time.

Income

- A copy of any invoices/receipts issued on behalf of the section should be forwarded to the treasurer.
- The treasurer is responsible for seeing that these funds get deposited and allocated to the appropriate account.

Reimbursements

- Any officer, committee chair or member desiring reimbursement for expenses made on behalf of the section must submit a "request for funds" form accompanied by the appropriate receipts.
- The type of items that will be reimbursable will be determined in advance by the budget and/or the executive council.

Basic Operational Expenses

- The treasurer will determine the basic operational expenses for one year. The amount in the checking account at the beginning of the fiscal year should be equal to or greater than this predetermined amount. If planned income for the year or reserve funds are available and approved for use in the budgeting process, the amount in the checking account at the beginning of the year may be less than the total expenses (predetermined amount).

Other

- The treasurer must change the mailing address for the bank and investment accounts at the beginning of each fiscal year (if necessary).
- The treasurer must ensure that all Federal and State Taxes and non-profit tax status are in order. (The address must be changed as needed.)
- Update signature cards with the banking institutions

Appendix B – Treasurer Transition Checklist

Financial Records to provide to incoming Treasurer when change occurs:

- Copies of previous two annual financial reports filed with the Society
- EIN
- Financial institution(s) name, local branch, address, account numbers and on-line access information
 - new treasurer should change the password and communicate the new password to president.
- All financial records from the previous year, including e-Postcard login (if applicable)
- List of currently authorized check signers
- Copy of budget (if approved in the prior fiscal year)
- Check books and registers and electronic access cards (debit)
- Tax exempt paperwork, if applicable
- Signature Cards and Debit Cards
 - Financial institutions typically require signature cards for the people who are authorized to sign checks. They can be obtained from the financial institution and should be signed by the incoming treasurer and president. They should be returned to the financial institution along with a letter from the section/MAL secretary providing the appropriate names and contact information.
 - It is recommended that debit cards only be issued to those authorized on the account and that all debit cards for unauthorized users be destroyed.
 - It is also recommended that no more than three members of the executive council hold debit cards/signatures on the bank account at any given time.
- Financial Institution Statements
 - If required, the treasurer must provide a change of address to each bank, credit union, savings and loan, or investment company in which funds are held. It is recommended that a P.O. Box or permanent address be established in order to simplify changes in leadership from year to year.

Records to be archived

The following items need to be retained permanently:

- Year-end financial reports submitted to the Society
- Annual treasurer's reports in relation to annual budgets
- IRS 990 forms
- EIN and SS-4 request forms
- Copy of the Society's 501(c)(3) Group Exemption Determination Letter from the IRS (circa 1992)
- Copy of request to be included in Society's 501(c)(3) Group Exemption Determination Letter
- State income and/or sales tax exemption paperwork, if applicable
- Incorporation paperwork, if applicable
- Records of any permanently restricted items (such as donor letters)
- Financial or investment policies
- Audit reports and/or annual financial assessment forms

The following items should be retained for seven years and then destroyed:

- General ledger and journal
- Officer travel records/reimbursements
- Bills and receipts including disbursements to members and disbursements from a Program Development Grant
- Accounts receivable records
- Investment records (seven years minimum or longer if needed to establish cost basis for the sale)
- Grant records and records on any other temporarily restricted funds received (seven years minimum or longer if any of the funds remain)
- Bank statements
- General correspondence
- Financial assessment reports

Fiscal Year Timeline		
Time Frame	Activity	Responsible
July / August	Develop / Approve Budget for Current Fiscal Year	Treasurer, Finance Committee, Executive Council
July 30	Submit Previous Fiscal Year Financial Report to Society	Treasurer approved by President
Monthly	Conduct business as needed pay bills, deposit receipts, document donations	Treasurer
Monthly or at Council meetings	Provide budget updates	Treasurer
July / August	Conduct Financial Assessment	Finance Assessment Committee
November 15 (can be done sooner, this is the due date)	Submit IRS Tax form for previous FY	Treasurer
June / July	Prepare budget for next FY Review and destroy files that have expired retention (older than 7 years) Transition files to incoming Treasurer	Current FY Treasurer and Incoming FY Treasurer

Appendix C – Journal / Ledger Report Examples

A journal is a record of financial transaction in the order by date. A journal is often defined in accounting as the “book of original entry”.

The FY16 Finance Committee created a budget template based on sample budgets used from across the Society. The SWE Financial Template 2016.xlsx consists of

- 1) a budget and current year to date (YTD) sheet
- 2) a budget and previous year’s actuals sheet, and
- 3) a journal sheet to create up-to-date actual amounts

The SWE Financial Template is available to download at ([Link](#)).

Figures 1 and 2 provide an example of the journal and the predefined categories used to auto calculate the category summations.

Figure 1: Example Journal with defined categories

	B	C	D	E	F	G	H	I	J
	CHECK NO.	DESCRIPTION	CATEGORY	WITHDRAWAL	DEPOSIT	NET INCOME (\$) Ledger			Check Book Balance
1									
2									
3									
4	n/a	Beginning Balance	Fiscal year starting balance			\$0.00			
20						\$ -			0
21						\$ -			0
22						\$ -			0
23						\$ -			0
24						\$ -			0
25						\$ -			0
26						\$ -			0
27						\$ -			0
28						\$ -			0
29						\$ -			0
30						\$ -			0
31						\$ -			0
32						\$ -			0
33						\$ -			0
34						\$ -			0
35						\$ -			0
36						\$ -			0
37						\$ -			0
38						\$ -			0
39						\$ -			0
40						\$ -			0
41						\$ -			0
42						\$ -			0
43						\$ -			0
44						\$ -			0
45						\$ -			0
46						\$ -			0
47						\$ -			0
48						\$ -			0
49						\$ -			0
50						\$ -			0
51						\$ -			0
52						\$ -			0
53		TOTAL ENDING BALANCE	TOTAL ENDING BALANCE	\$0.00	\$0.00	\$ -			0
54									
55									

Figure 2: Categories for Selection auto-fill

Categories for Selection and Auto-Fill on FY## Actuals	Total YTD
Dues Rebates	\$0.00
Interest	\$0.00
Corporate Donations	\$0.00
Events Income	\$0.00
Other Donations	\$0.00
Program Development Grants	\$0.00
Other Income	\$0.00
Meetings	\$0.00
Travel	\$0.00
Events Expenses	\$0.00
Outreach	\$0.00
Administrative Expenses	\$0.00
Scholarships	\$0.00
Awards	\$0.00
Other Expenses	\$0.00

The items listed in Figure 2 are some of the typical budget categories used by SWE entities. A Treasurer is encouraged to add or remove categories as needed to meet the required reporting needs for the specific SWE entity.

Figure 3: Example Ledger Report

		XXX Section Name	
		FY16 Budget	
Summary			
		FY16 Budget	FY16 Actuals
BEGINNING BALANCE (\$)			
INCOME (\$)			
Dues Rebates		\$ -	0
Interest		\$ -	0
Corporate Donations		\$ -	0
Events		\$ -	0
Other Donations		\$ -	0
Program Development Grants		\$ -	0
Other Income		\$ -	0
TOTAL INCOME		\$ -	\$0.00
EXPENSES (\$)			
Meetings		\$ -	\$0.00
Travel		\$ -	\$0.00
Events		\$ -	\$0.00
Outreach		\$ -	\$0.00
Administrative Expenses		\$ -	\$0.00
Scholarships		\$ -	\$0.00
Awards		\$ -	\$0.00
Other Expenses		\$ -	\$0.00
TOTAL EXPENSES		\$ -	\$0.00
NET INCOME		\$ -	\$ -
NET ASSETS		\$ -	\$ -
Bank Account Summary			
		FY16 Budget	FY16 Actuals
BEGINNING BALANCE (\$)		\$ -	\$ -
TOTAL INCOME		\$ -	\$ -
TOTAL EXPENSES		\$ -	\$ -
NET INCOME (\$)		\$ -	\$ -
NET ASSETS (\$)		\$ -	\$ -

Appendix D – Sample Expense Reimbursement Form

**SWE XYZ Section
EXPENSE REIMBURSEMENT FORM**

This form is to be used to request reimbursement for authorized SWE XYZ Section expenditures. Reimbursement is contingent upon adequate funds remaining in the specified budget line. Please complete the information requested and return it with accompanying original receipts taped to a sheet of 8.5" x 11" paper no later than 30 days after the event to the SWE XYZ Section Treasurer at:

Treasurer's Name
FYXX SWE XYZ Section Treasurer
Address 1
City, State Zip

Name:		Date:	
Address:			
Description of Expense:	Date:	Amount:	Budget Line Item:
TOTAL TO BE REIMBURSED:		\$	

Please check here if you would like your reimbursement check to be used as a donation to the Society of Women Engineers XYZ Section. Receipts must be submitted even if donating expenses. You will receive a letter thanking you for your donation and to use for tax purposes.

For treasurer use:
 Pre-approved by officer contact: _____ Date _____
 Budget review by treasurer: _____ Date _____
 Account #: _____ Check #: _____ Date _____

Appendix E – Obtaining an Employer ID Number (EIN)

If the entity has interest bearing accounts, they must have their own Employee Identification Number (formerly known as a Tax Identification Number). Do not use the EIN of the Society, the university or an individual's Social Security number. The financial institution the entity deals with will report the interest earned under the EIN used for the account.

More EIN Information: <https://www.irs.gov/businesses/small-businesses-self-employed/employer-id-numbers>

Requesting an EIN:

The MAL organization should already have a unique EIN, but some sections and every newly chartered section will need to request an EIN. To request an EIN you will need to fill out an SS-4 and submit it to the IRS or [apply online with the EIN Assistant](#) via the IRS website

Before beginning, the charter date for your entity is required. If you do not know the charter date of your entity, you can go to the SWE Governance Documents website and search “Charter Dates” or “Charter” to see the documents of professional and collegiate entity charter dates.

Please fill out the fields on the website as follows:

Page 1 – What Type of Legal Structure is applying for an EIN?

Select: View Additional Types, Including Tax-exempt and Governmental Organizations

Press <<Continue>>

Page 2 – Additional Types

Select: Other Non-Profit/Tax-Exempt Organizations

Press <<Continue>>

Page 3 – Please confirm your selection

Press <<Continue>>

Page 4 – Why is the Non-Profit/Tax-Exempt Organization requesting an EIN?

Select: Banking Purposes

Press <<Continue>>

Page 5 – Who is the responsible party?

Select: Individual

Press <<Continue>>

Page 6 – Please tell us about the responsible party

Fill in entity treasurer's name and SSN

Choose: I am a responsible and duly authorized member or officer having knowledge of this organization's affairs

Press <<Continue>>

Page 7 – Where is the Non-Profit/Tax-Exempt Organization physically located?

Fill in the permanent mailing address for your entity treasurer or other mailing address for the entity.

Add an additional mailing address if applicable for your section

Press <<Continue>>

Page 8 – Tell us about the Non-Profit/Tax-Exempt Organization.

Legal name: “Section Name” Section of the Society of Women Engineers (e.g., Central Illinois Section of the Society of Women Engineers)

Trade name: - SWE – “Short Name”, (e.g., SWE-CI)

County: This field should already be populated based on the address provided on Page

7

State/Territory: This field should already be populated based on the address provided on Page 7

Non-Profit/Tax-Exempt Organization Start Date: The date legal entity was chartered.
Press <<Continue>>

Page 9 – Tell us more about the Non-Profit/Tax-Exempt Organization.

Click “NO” for all

Press <<Continue>>

Page 10 – What does your business or organization do?

Click “Other”

Press <<Continue>>

Page 11 – You have chosen Other

Click “Organization”

Press <<Continue>>

Page 12 – You have chosen Other organization

Click “Other” Specify “educational organization”

Press <<Continue>>

Page 13 – How would you like to receive your EIN Confirmation Letter?

Select letter option – select either option, and maintain records as appropriate.

Press <<Continue>>

A provisional EIN will now be generated and a letter confirming the EIN number will be mailed to the address provided or sent via email depending on the option selected on Page 13.

If you choose to use the paper SS-4 form to request an EIN please fill out the fields on the form as described below. The [Form SS-4 \(Application for Employer Identification\)](#) can also be found on the IRS website.

Field 1. (see [Legal Name](#) in previous section)

Field 2. (see [Trade Name](#) in previous section)

Field 3. The section treasurer’s name

Field 4. The permanent mailing address for section (if established) or entity’s treasurer.

Field 5a. Leave blank

Field 5b. Leave blank

Field 6. USA, “name of the state where your entity is located”

Field 7a. The treasurer’s name*

Field 7b. The treasurer’s SSN*

Field 8a. Mark “NO”

Field 8b. N/A

Field 8c. Leave blank

Field 9a. Mark OTHER NONPROFIT ORGANIZATION and specify “professional society”

Field 10. Mark OTHER and specify “federal tax exemption”

Field 11. The date entity was chartered.

Field 12. June

Field 13. Put zero in all 3 spots

Field 14. N/A, but mark YES

Field 15. N/A

Field 16. Mark OTHER and specify “educational organization”

Field 17. Education

Field 18. Mark NO

Have the treasurer print their name, sign, and date the document. They should also include their phone number.

This form can be mailed to the following address:

Internal Revenue Service Center
ATTN: EIN Operation
Cincinnati, OH 45999

Please note that once the SWE entity has been added as a subordinate organization under the SWE group tax exemption, SWE HQ will automatically update the IRS as to the identity of the treasurer per the information on annual financial report. The SWE staff annually submits these updates to the IRS, typically in March.

Requesting to be added as a subordinate organization under the SWE group tax exemption:

Once you have your entity specific EIN you will need to request that your SWE entity be added as a subordinate organization under the SWE group tax exemption.

The "[Request for Addition as a Subordinate Organization of the Society for Tax Purposes](#)" form from the SWE Governance site may be used and sent to SWE headquarters for new entities to be added subordinate to the Society.

Please fill out the form as follows:

1. SWE Entity Section (Full Name) (see [Legal Name](#))
2. (leave this blank)
3. Your entity's unique EIN (NOT your university's EIN or SWE's EIN)
4. The permanent mailing address for your entity. This should be the same address listed on your SS-4.
5. Mark YES
6. Mark NO unless otherwise known.
7. Mark NO

The Entity treasurer must sign and date the document and either email with the subject "REQUEST FOR SWE GROUP TAX EXEMPTION" or mail it to Society headquarters using the contact information on the form.

Appendix F – e-Postcard Instructions (IRS Form 990-N)

The easiest way to determine the owner of an EIN is to ask the IRS to search for your EIN by calling the IRS Customer Accounts Services at 877-829-5500.

You need the following information about your organization:

- Your entity's unique EIN
- The tax year
 - SWE's tax year starts July 1 and is named according to the year in which it ends (e.g. FY18 is from July 2017 to June 2018). All E-Postcard filings occur after the end of the fiscal year. However, the IRS Tax year is listed as the beginning of the tax year. Thus, the tax year for FY18 is 2017 when it is filed with the IRS.
- Your entity's legal name and permanent mailing address
 - For sections, this is the "section name", SWE section and either the section's permanent address or the treasurer's address.
 - Any other names the organization uses
 - N/A (unless you use other names)
- The name and address of a principal officer (like the president)
- The treasurer's name and address.
- The website address of the entity (if applicable)
- Answers to the following questions:
 - Are your gross receipts still normally \$50,000 or less?
 - Mark YES
 - Has your organization terminated or gone out of business?
 - Mark NO unless your section has been deactivated

E-postcard site: <https://sa.www4.irs.gov/epostcard/>

If your entity does not already have a login, use "Create Account" to create a login and password.

As part of the account creation process you will be asked to provide an email address. This is the address where the password will be sent if ever forgotten in the future. It is also the address to which confirmation of the entity's filing will be sent. It is thus recommended the entity's permanent e-mail address be used or otherwise be updated with the IRS whenever it changes.

Please remember to record your login details and security questions in a safe location to pass along to the next treasurer.

Once you have a login, the entity can modify the e-postcard profile. **SWE entities are EXEMPT ORGANIZATIONS.** Add the entity's EIN, organization details and contact information to the profile.

Once the entity's profile is completed, fill out your entity's E-Postcard.

Submitting your e-Postcard (Form 990-N)

Once you have completed your entity's E-Postcard, click the "Submit Filing to IRS" button.

The e-Postcard has been filed, now what?

Every year your SWE entity will need to file a new e-Postcard between July 1 and November 15. It is thus very important that the entity keep track of all documents related to this process. The important pieces of information are listed below:

- A copy of your entity's SS-4 & the tax determination letter received from the IRS assigning the EIN number.
- A copy of your entity's request to be added as a subordinate organization under the SWE group tax exemption and the letter from SWE-HQ confirming inclusion in the SWE Group Exemption.
- The e-Postcard login ID and password issued to the entity.

Keep a confirmation of the e-postcard submittal in the same place as your entity's financial report documents.

For more information, see the [IRS Website about the 990-N form](#).

If the entity doesn't qualify to file the e-postcard, a free site to file a 990-EZ form, for organizations with less than \$100,000 in gross receipts is <https://efile.form990.org/>.

Appendix G – Donor Letter Example

Date

Dear <insert donor name>,

Thank you for your contribution to the Society of Women Engineers (SWE) <insert entity name>. SWE <insert entity name> is a 501(c)(3) organization and <the full value / a portion of> your donation is tax deductible. Our tax exempt Federal Identification Number is <insert EIN>.

There are many ways to support the Society, but financial assistance is one of the most critical. Without contributions from individuals like you, the Society would not be successful in reaching its goals. Through the loyal support of members and friends, however, we are making great strides toward our goals of supporting women of all ages, in their quest for successful careers in engineering.

Please know that you are an important reason for our continued success. Thank you again.

Sincerely yours,

<title: president or treasurer or scholarship chair>

We show that you donated \$ <insert amount> on <insert date>.

Donated via <indicate cash / check / credit card>

This donation will be applied to the following:

- _____ <list possible donation purposes, e.g. scholarship fund, general fund, etc.>
- _____ <list possible donation purposes, e.g. scholarship fund, general fund, etc.>
- _____ <list possible donation purposes, e.g. scholarship fund, general fund, etc.>
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<if applicable> **Tax Note:** This letter acknowledges that you did not receive any goods or services from the Society of Women Engineers in return for your contribution. Please save this acknowledgement for your tax records.

Appendix H – Direct Deposit Authorization Instructions

In 2018 SWE HQ transitioned to using Concur for all payments issued to SWE entities. To receive direct deposits, SWE entities are required to complete the [“ACH / Direct Deposit Authorization Form”](#) and return it to accounts.payable@swe.org. This form can also be found in the **SWE Resources** under **Section Information > Finance Resources**.

All entities that DO NOT submit the direct deposit form will be mailed payments via check to the address SWE has on file. Entities submitted the address on file with their financial report and will need SWE HQ to make any changes through the back-office.

To confirm or update the address of the SWE entity currently in the SWE HQ AMS database, the treasurer should log into their [Portal](#) online and select **Leadership > Update Section Information**. To update this address, use the instructions listed below AND email accounts.payable@swe.org with the updated address.

Updating the address in both the portal and submitting the form to the email above are needed to successfully record the change in address.

The first payment issued through Concur will be the FY18-1 rebates. Any questions regarding the change can be sent to accounts.payable@swe.org.

Instruction to Update the entity address in the SWE AMS database

- 1) Navigate to www.swe.org.
- 2) Click the “**Login**” button at the top-right corner of your screen and enter your login information.
- 3) Select the “**SWE Member Portal**” button below your login information
- 4) Click the “**Leadership**” button. Note: This button will only be available to leaders who have submitted their Leadership Roster for the current Fiscal Year.
- 5) Click the “**Update Section Information**” button.
- 6) Next to **Section Profile**, select the “**Change My Information**” tab
- 7) Complete the Section Profile address form and save when done.

Appendix I – Program Plan Policy Example

Purpose

The purpose of this plan is to describe the Society of Women Engineers (SWE) <insert entity name> goals for use of reserve funds and/or income from designated funds. This plan will be used for internal planning purposes, and may be used as supporting documentation when soliciting financial support from industry. Reliance on these funds should not be in lieu of financial support that can be solicited from industry.

Reserve Funds

As referenced herein, the reserve funds consist of <can insert where initial funds came from here>, as well any other undesignated funds invested on behalf of the <insert entity name>. Refer to the Investment Policy for investment objectives.

Designated Funds

As referenced herein, the Designated Fund is a fund of SWE-EFI that provides a yearly stream of income to the <insert entity name>.

Spending Plan

It is the intent to maintain the reserve funds as a source for future interest income. Principal may be used with the express approval of the executive committee (EC). Funds received from the Designated Fund, as well as interest income and principal from the reserve fund may be spent as follows:

- Interest income up to \$xxx or xx% of the expected interest income for the year, whichever is greater, may be used for routine operating expenses and programs each year, where those expenses cannot be covered by other sources. Routine operating expenses include such items as copying, postage, and officer supplies. Routine programs include monthly meetings, science fairs, elementary and middle school outreach, student mentoring, and Engineers Week.
- The remaining interest income, and any use of the principal, will be requested on a case-by-case basis through the Project Implementation Proposal (PIP) process. Examples of programs requiring a PIP include professional development seminars, scholarships and special outreach events. Refer to the PIP guidelines for details of the process.
- Principal may only be used with the express approval of the EC.
- Interest income not allocated during a fiscal year will be added to the reserve funds.
- Funds received from the Designated Fund will be used to support outreach events <or whatever activity your entity chooses> for the entity. Income not allocated during the fiscal year will be used to support routine operating expenses.

Approval Process

Use of the identified percentage for routine operating expenses and programs does not require a PIP. It does, however, require the EC to approve the use of the funds through the normal budget approval process.

Members interested in using a portion of the interest income or principal must prepare a PIP and submit it to the EC for approval. A PIP covers funding for a single fiscal year, unless otherwise specified in the proposal and approved by the EC. The EC may require a financial report of the project once completed, or interim financial reports for multi-year projects.

The criteria to be used by the EC in reviewing PIPs include, but are not limited to:

- Thoroughness of the proposal,

- Other potential sources of funding for the project,
- Competing requests for reserve funds,
- Consistency of the project with SWE's goals,
- Overall impact (e.g. number of people reached, potential to influence young women, visibility), and
- Repeatability of the project, as appropriate.

The review and approval of a PIP will be according to the current policies governing EC voting and approval. Documentation of PIPs reviewed and approved will be maintained per the current record retention policy.

Section Program Plan Review

The Program Plan will be reviewed once a year at the annual planning meeting. Any changes to the plan will be discussed and approved by a majority of the EC.

Appendix J – Section Finance Committee Policy Example

Purpose: The purpose of the section finance committee is to determine how the section funds are invested and to administer the various funds established by the section, other than the section checking account controlled solely by the treasurer.

Members: The finance committee should include the president, treasurer and a third section member nominated by the president and approved by executive council. Membership on this committee may be expanded in the future by the executive council.

Growth Fund: This shall be money designated by the section to be used to fund scholarships and expanded career guidance programs. The fund will normally be invested in a growth type of mutual fund or other investment instrument to obtain maximum growth. Transfers from this fund will be recommended by the finance committee and approved by the executive council.

Reserve Fund: This is money available for transfer to the checking account for the current year's expenses approved in the section budget by the executive council. This money will always be invested in a money market and can be transferred at any time during the year as required to meet budgeted expenses without executive council approval. All withdrawals of the funds from the reserve fund account shall require signatures of two finance committee members.

The treasurer is to provide an accounting of the funds semi-annually as a minimum, including activity and status, to the executive council and to other finance committee members on request. The Treasurer is also responsible for reporting investment account funds and income in the annual section financial report.

Cash Management Policy

The objective of the cash management policy is to maximize the interest earned on section funds by minimizing the cash in the checking account.

The Treasurer shall be responsible for providing a quarterly cash flow analysis for the checking account and recommend to the Finance Committee transfers to or from the Reserve Fund. The goal of these transfers is to minimize the funds carried in the checking account. The receipt of any income greater than \$xxxx shall result in a cash flow analysis to determine how much of the receipt is available for transfer to the reserve fund.

Appendix K – Investment Policy Example

Purpose

The purpose of this document is to set forth the policy and operations factors governing the investment management of various operating and reserve balances of cash belonging to the Society of Women Engineers (SWE) <insert entity name>, herein referred to as the "Portfolio".

Objective

The investment objective of the Portfolio is to:

1. First and foremost, ensure the safety of the investment principal,
2. Provide for a reasonable amount of Portfolio liquidity, and
3. Maximize the income yield for the total Portfolio.

A secondary objective of the Portfolio is to structure maturities so that known cash needs are met on a periodic basis as requested.

Eligible securities

The following securities are eligible investments for the Portfolio:

1. The following bonds:
 - a) Certificates of Deposits (CDs) – issued by a bank with varying maturity dates including Callable CDs.
 - b) Treasury Bills (T-Bills) – issued by the U.S. Government with maturity dates of one year or less.
 - c) Treasury Notes (T-Notes) – issued by the U.S. Government with maturity dates of two (2) to ten (10) years including Callable Treasury Notes.
 - d) Agency Securities – issued by U.S. Federal Agencies with varying maturity dates including Callable Agency Securities.
 - e) Investment Grade Corporate Bonds – AAA, AA, A.
2. Money Market Funds for temporary cash flow needs.

Maturity constraints

Investments shall be made for the Portfolio having a final maturity of not more than ten (10) years from the date of purchase. Investment maturities shall be structured, i.e. "laddered", to provide liquidity of at least one quarter or \$xxxxx of the account balance every six months, whichever is less.

No more than \$xxxxx (\$xxxxx Operating Expenses, \$xxxxx Contingency Reserve) of the net assets shall be maintained in Money Market (Financial Management) and/or savings accounts. The balance of the assets shall be invested in the eligible Securities listed above.

Reporting

Investment status of the Portfolio shall be reported monthly to the executive council, as part of the treasurer's report, and at the annual planning meeting.

Financial Investment Committee

The financial investment committee is responsible for reviewing current and proposing future financial investments, reviewing the Investment Policy and evaluating the performance of the financial consultant. The financial investment committee may follow the guidance of the financial consultant. This committee is led by the treasurer. Members shall include those who have a background in financial investment and/or personal investment experience.

Decision authority

All investment (changes and additions) recommendations will be determined by the financial investment committee. These investment recommendations shall be discussed and approved (by a majority) by the executive council prior to being administered by one of the bank and/or investment account owners.

Investment Policy Review

The Investment Policy shall be reviewed once a year, at a minimum, by the financial investment committee and any recommendations are to be presented at the annual planning meeting and monthly executive council meetings. Any changes to the policy shall be discussed and approved (by a majority) by the executive council.

Financial Consultant Review

The performance of the financial consultant shall be reviewed once a year, at a minimum, by the financial investment committee and any recommendations presented at the annual planning meeting and monthly executive council meetings. Any decisions to select a new financial consultant shall be discussed and approved (by a majority) by the executive council.

Appendix L – Reference Documents & Web Sites

Document Name	Subject	Location
Assessment Procedure Rev3.1.doc	Section Assessment procedure to be used on annual cycle	SWE Governance Documents
SWE Finance Template 20168.xlsx	Sample Financial management template for sections	SWE Governance Documents
FY18 EIN Module OCT2017.pptx	EINs, the IRS, and Your SWE Section training presentation	SWE Governance Documents
IRS Application for Recognition of Exemption	Link to on-line process to apply for 501c3 status	IRS website
IRS EIN On-Line Application	Link to EIN on-line application form and FAQs	IRS website
EZ Finance Report Form	Spreadsheet to prepare ahead of completing the annual on-line financial report to prepare the information	SWE Governance Documents
Upload a Financial Report Instructions FY19.pdf	Instructions on how to file on-line report	SWE Governance Documents

Appendix M – Revisions

<u>Date</u>	<u>Changes</u>
January 2011	<ul style="list-style-type: none"> • General document revision
July 2012	<ul style="list-style-type: none"> • Updated dues rebates for consistency with FY11 changes, incorporated changes recommended by membership, general document revision
June 2014	<ul style="list-style-type: none"> • General document updates and changes recommended by finance committee
January 2016	<ul style="list-style-type: none"> • General document updates and changes recommended by finance committee to include electronic direct deposit preference for rebates and consideration of required actions for safe management of electronic access to financial accounts
June 2017	<ul style="list-style-type: none"> • Updates based on governance transition plans to remove references to sections/MALs/Regions, by replacing this reference with “entities”
June 2018	<ul style="list-style-type: none"> • Finance manual completely restructured to focus on the items that a newer/smaller section would need. • Removed all references to Regions and Section numbering as required per the Society governance changes. • Added links to locate references in the SWE Governance documents and IRS website.