



Western States Zonal Forum

Group 7th Tradition Electronic Funds Options

This document is intended to provide information for an NA Group to determine the best way for their Group to support electronic funds transfer. The options below are a list of possible applications that support the electronic transfer of funds. A traditional bank account is very useful to get started but is not required. Please see the reference materials (listed below) for additional information on how to open a traditional bank account for a group and other options.

Please be aware that having a bank account with an **Employee Identification Number (EIN) is NOT a tax-deductible charity like a 501(c)(3)**. Home groups are not a non-profit organization. They are an “unincorporated group of individuals” unless they obtain 501(3)c status. [Refer to reference material below.](#)

Advantages of using electronic funds transfer

- Hybrid and Online meetings can easily collect 7th Tradition contributions
- More secure
- More transparency
- Ease of transfer of funds, i.e., meeting supplies, rent, Area, or NAWS contribution
- QR codes facilitate accepting contributions

A traditional bank account is not necessary to collect, utilize, and recognize funds.

- Some applications offer business accounts which require the acquisition of a Group EIN. [See references.](#)
- Another way to collect and spend contributions is to purchase a reloadable prepaid debit card from the internet or local store and link it to the collection apps such as PayPal.
- Note that the potential for theft is about the same whether the 7th tradition is in cash or electronic. Therefore, trusted servants should be carefully considered for handling funds.

Information on the following apps are described below:

[PayPal](#) [Venmo](#) [Zelle](#) [CashApp](#) [Square](#)

PayPal

Fees 3.49% + .49 per transaction on a regular account per transaction on a business account per transaction on a 501(3)c account
Pro Ease of use. Customer service is top notch Fee schedule is less for registered 501(c)3
Con
Notes: A traditional Bank Account is not necessary, and groups can use a reloadable prepaid debit card with all types of PayPal accounts. App offers a Debit Card

Venmo

Fees 3.49% + .49
Pro Fee schedule is less for registered 501(c)3
Con
Notes Venmo offers a distinct account type specifically for 501(c)(3) nonprofit organizations, known as Charity Profiles. These profiles are tailored to meet the unique needs of nonprofits and differ from both personal and standard business accounts in several key aspects:

Key Features of Venmo Charity Profiles:

- Verification Badge: A blue checkmark signifies the organization’s verified charitable status, enhancing donor trust.
- Transaction Fees: Charity Profiles benefit from reduced transaction fees of 1.9% + \$0.10 per donation, which is lower than the standard business transaction fees.

To establish a Venmo Charity Profile, your organization must:

1. Have a PayPal Business Account: Since Venmo is a subsidiary of PayPal, a verified PayPal Business account is necessary.
2. Confirm 501(c)(3) Status: Verification of your nonprofit status through PayPal is required to access the Charity Profile features.

In summary, Venmo’s Charity Profiles are specifically designed for 501(c)(3) organizations, offering features and fee structures distinct from personal and standard business accounts to support nonprofit fundraising efforts.

Bank Account is not necessary, and groups can use a reloadable prepaid debit card with all types of accounts.

App offers a Debit Card

Zelle

Fees No Fees
Pro App offers a link to a debit card
Con Must have a bank account to accept Zelle Not all banks have Zelle capabilities. Groups must have an email or cell phone associated with the bank. No insurance or other protection offered. Both parties must be enrolled with either a bank or through the Zelle app.
Notes

CashApp

<p>Fees</p> <p>Low fees Regular CashApp account or an account linked to a credit card Receiving is free Sending is also free, but the linked account may charge a fee Business account 2.75% per transaction</p>
<p>Pro</p> <p>Cash may be deposited into the CashApp account at participating stores</p>
<p>Con see notes:</p>
<p>Notes</p> <p>To set up a Cash App account, you'll need a phone number or email address, a debit card for linking your bank account, your legal name, a unique \$Cashtag (username), and potentially your date of birth and last four digits of your SSN for verification.</p> <p>Bank Account is not necessary, and groups can use a reloadable prepaid debit card with all types of accounts.</p> <p>App offers a Debit Card</p>

Square

<p>Fees</p> <p>Transaction Fees:</p> <p>Square applies standard processing fees to all users, including nonprofits. The rates are as follows:</p> <ul style="list-style-type: none">• In-Person Transaction, with a reader: 2.6% + \$0.10 per swipe, dip, or tap for Visa, Mastercard, Discover, and American Express cards.• Online Transactions: 2.9% + \$0.30 per transaction.• Manually Entered Transactions: 3.5% + \$0.15 per transaction.
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- Invoices: 3.3% + \$0.30 per invoice paid online.

It's important to note that Square does not offer discounted rates specifically for nonprofits. However, organizations processing over \$250,000 annually may be eligible for custom pricing.

Additional Fees:

- Hardware Costs: While the first magstripe reader is free, additional hardware like contactless and chip readers or terminals may incur costs.
- Instant Transfers: For an additional fee of 1.75% per transfer, you can access funds instantly; otherwise, standard transfers are complete in one to two business days.

Pro

Ease of use

Key Features for 501-c3 Nonprofits:

- Multiple Payment Methods: Accept donations via credit/debit cards, ACH bank transfers, and mobile payment options like Apple Pay and Google Pay.
- Point of Sale (POS) App: The free Square Point of Sale app enables your organization to accept payments on smartphones or tablets, manage transactions, and access real-time analytics.

Con

Notes

Employer Identification Number (EIN):

While Square primarily requires the Social Security Number (SSN) of the individual setting up the account, providing an EIN can be beneficial for organizational verification. However, an EIN is not mandatory to create a Square account.

Considerations

Use of QR codes or hyperlinks is very helpful to allow members to donate electronically.

- If a Group uses multiple apps, using the same payee's name throughout is recommended for ease of use.

References

How to Get an Employee Identification Number for a bank account from wszf.org
Contains example forms used by NA bodies.

<https://wszf.org/how-to-get-an-ein-for-banking/>

USA banking, EIN, and tax liability information from na.org

https://na.org/wp-content/uploads/2024/08/Bulletin-32R-Final_18Nov05-Banking-and-tax.pdf

Electronic Funds – Best Practices from na.org

<https://na.org/wp-content/uploads/2024/11/Electronic-Funds-Money-Management-241118.pdf>

IRS information on 501(3)c (NA is not affiliated with the IRS)

<https://www.irs.gov/charities-non-profits/charitable-organizations/exemption-requirements-501c3-organizations>

For more information, please contact info@wszf.org