OVERVIEW

A unique aspect of Flipcause is that it's both a Merchant Services Account and a Fundraising Software.

What is a Merchant Services Account? Some well-known examples are PayPal, Authorize.net, WePay, Stripe, Braintree, and First Data.

What do Merchant Services do? They act as the gateway between businesses and credit card companies (Visa, MasterCard, etc.). Merchant Services handle compliance, settlement, accounting reconciliation, tax reporting, and facilitate disputes and fraud cases. They are responsible for all merchants in their network and are ultimately responsible for any financial loss and fraud that occurs through their gateway. Flipcause takes a risk by allowing organizations to process funds through our gateway. This is why we conduct compliance reviews of accounts, large transactions, and large withdrawals.

COMMON ACCOUNTING MISTAKES

The Mistake: Trying to reconcile your Flipcause transfers to your bank accounts using individual donor data.

Problem: Double reconciliation is happening. The Flipcause Account Balance already has been reconciled in

![x]

Solution: Flipcause should be accounted for like any other bank account, or merchant credit account. The Account Balance is an asset of the organization and it should be treated as a separate account. The Flipcause Account Balance Asset is easily reconciled by bookkeepers if it is treated as a separate account. All transfers from Flipcause to the organization's bank will be treated as a bank-to-bank transfer and will not be further reconciled.

Notes: Flipcause Account Statements account for "Received" amounts, "Processing Fees Paid", and "Transfers" made. "Transfers" are either bank-to-bank transfers, invoices, or credits transferred in or out of Flipcause (eg. software subscription, bug bounties, dispute fees). Because all of these are already reconciled in the Flipcause Account Balance, when transferred from Flipcause to a bank account, it's like transferring from one bank account to another.

The Mistake: Trying to reconcile an offline contribution in Flipcause.

Problem: Offline payments can be recorded in Flipcause, but they are not actually deposited in Flipcause, therefore cannot be reconciled in Flipcause.

Solution: You'll want to record in your accounting software where the offline contribution came from. For example, if you receive a $100 check from a donor, and deposit it in your bank, the $100 deposit record needs to be accounted for in that bank (not Flipcause). Simply marking it as a donation in your accounting software or with your bookkeeper should be enough to reconcile the deposit.

Notes: Reconcile the record where the original deposit is made. Separate from being a merchant processor, Flipcause is also a database, so if you would like to keep a searchable centralized database of all your transactions, it's helpful to also add offline donations into it.

COMMON QUESTIONS

Question: *Why can I not set up automatic bank transfers?*

Answer: Flipcause allows your organization to raise funds for many different initiatives with an unlimited amount of campaigns at any time. You can transfer Flipcause funds at any time. Your Flipcause merchant account allows for multiple bank accounts to be added for your transfer requests and you can properly allocate funds to different accounts if needed.

Flipcause is like a bank account, you should access the funds when you need them. Because transferring from your Flipcause account to your bank account is like a bank-to-bank transfer, you can transfer any amount as you need it and it's easily handled by your accountant or bookkeeper with your Flipcause Monthly Statement.

---

e team monitors every transaction and transfer that flows through our system to protect your account against fraud and prevent scams and similar attacks. If we identify a fraudulent transaction—which happens often in the nonprofit space—you can have the opportunity to reverse transactions when you have an available balance. If you don't have an available balance (because it was transferred out), you won't be allowed to immediately reverse a transaction which may lead to a dispute and a dispute fee. In short, you get the most accounting flexibility and account security by managing transfers manually.

Question: *If I deposit funds from Flipcause to my bank, tell me again why do I not need to reconcile that deposit with individual donor records.*

Answer: This is because transferring money from Flipcause to your other bank account is not a standard deposit. Rather, it is a transfer from one asset account to another. The assumption is that you are recognizing Flipcause as an asset account like any other bank account. Asset accounts should be reconciled separately.

Question: *If I don't transfer funds from my Flipcause account, do I need to account for it in my year-end taxes?*
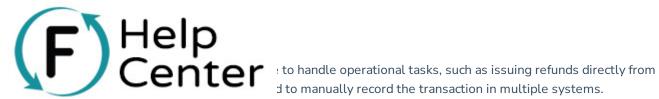
Answer: Yes. Funds in Flipcause are assets of your organization. Keeping your funds inside your Flipcause Account is no different than keeping your money in a bank account from an accounting perspective. Your accountant should recognize your Flipcause as an asset-holding account. Additionally, Flipcause reports form 1099-K to the IRS if you cross the receiving threshold in a calendar year. (We are required to file Form 1099-K for your organization if you received at least 200 Transactions AND at least $20,000 in total for the year.)

Question: *Should I leave my funds in my Flipcause Account?*

Answer: This is completely up to you. You have complete control to transfer funds out of your Flipcause Account Balance at any time. We give you and your staff the flexibility to decide when and how you would like to organize your funds. Keep in mind that your organization is responsible for refunds and charge disputes that come through your Flipcause Account. If you process refunds through your Flipcause Account, your account must have an available balance to draw from. Any negative balance you incur is considered a debt from your organization to Flipcause.

Question: *Why is good to have my Merchant Services Account built into my fundraising system?*

Answer: Having a built-in merchant account saves you time by eliminating the need to reconcile two different systems: your fundraising data and your merchant services data. All of your transactions are reconciled in easy-to-read monthly statements with detailed transaction descriptions (similar to bank statements). By

to handle operational tasks, such as issuing refunds directly from
to manually record the transaction in multiple systems.

This system also saves a lot of time and money. It allows you to avoid paying the additional price for a merchant services account. You don't need to go through the approval process directly with the credit card companies, and you don't need to worry about compliance issues such as PCI, tax reporting, or fraud case handling. It's all built in and we're here to support you!

Question: When I process a refund for a credit card payment, and the donor did not cover the processing fee, do I still refund the full amount of the credit card transaction or just the amount that our organization received?

Answer: It depends on how your organization prefers to handle this. Transaction fees are not refundable from the credit card company. From the supporter's perspective, they would expect to be refunded the full amount they paid. However, refunding them the full transaction will leave your organization to foot the bill for the transaction fee. So, it would be up to you whether you want to give the supporter a positive experience and cover the cost, or refund them only what was received.

DEFINITIONS

Posted Records - All Credits and Debits to your Accounts. Credits include fully processed "Received," "Fee," and "Transfer" records.

Received Records - Credit card transactions processed through the Flipcause Gateway and credited to their Flipcause Account Balance. It also includes debited refunds processed to credit cards.

Transfer Records - Transfers out and in from Flipcause Account Balance. Examples of "Transfers Out" would be transfers to attached bank accounts, or invoices paid directly to Flipcause using the Flipcause Account Balance. "Transfers In" would include Refunds or Credits to your Account Balance directly from Flipcause.

Fee Records - Fees debited from your account when credit cards are processed using the Flipcause Gateway. Fee Records will record as $0 in transactions where the fee is covered by the supporter.

Pending Records - Transfers and Refunds that have been requested but not yet processed. Also, temporary compliance holds due to large or suspicious transactions. Pending records reduce the Available Balance.

Reconciliation - An accounting process that uses two sets of records to ensure figures are accurate and in agreement. Reconciliation is the key process used to determine whether the money leaving an account matches the amount spent, ensuring the two values are balanced at the end of the recording period. For example: We DEBIT a supporter's credit card and CREDIT your organization's Flipcause Account Balance.