

Aerie Fundraising & Tax Quick Guide

For Treasurers & Conductors | Book Sales + Charitable Giving | All States

PURPOSE: Help any Aerie run a simple, compliant book sale fundraiser — sell items, support a charity, stay clean on taxes, regardless of your state.

1. RECOMMENDED FUNDRAISING MODEL

A clean, simple structure that works in every state:

Step	Action	Notes
1	Set a simple retail price (e.g. \$20 / book)	Easy for members to communicate
2	Collect payment	Cash, check, or card — all work
3	Aerie keeps proceeds as revenue	Deposit to Aerie account
4	Aerie donates \$X per book sold to a designated charity	Donation comes from the Aerie, not from the customer
5	Record sale + donation in Aerie books	See Section 3 for accounting entries

Key Rule: The Aerie makes the donation — not the customer. This protects buyers from false tax-deduction claims and keeps your accounting clean.

2. SALES TAX — ALL STATES

Sales tax rules vary by state. Follow this process:

- **Step 1 — Know your state rate.** Look up your state + local combined sales tax rate at your state's Department of Revenue website.
- **Step 2 — Decide: tax-included or tax-added?** Either works. Simpler: price already includes tax (e.g. \$20 total). Alternative: add tax at point of sale (e.g. \$18.50 + tax).
- **Step 3 — Collect and remit.** Sales tax is not income — collect it, hold it, and send it to your state on schedule.
- **Step 4 — Check for exemptions.** Some states exempt occasional fundraisers by nonprofits. Ask your state's Department of Revenue or your CPA.

Example (Illustrative)	Tax-Included Price	Tax-Added Price
Selling price shown to buyer	\$20.00	\$18.50 + tax
State/local tax (varies by state)	~\$1.50–\$1.80*	~\$1.50–\$1.80*
Net revenue to Aerie	~\$18.20–\$18.50	\$18.50

* Rates vary widely by state and locality. Always use your actual rate.

3. BASIC ACCOUNTING ENTRIES

Event	Debit	Credit
Book sold for \$20 (tax-included, ~\$1.60 tax)	Cash \$20	Sales Revenue ~\$18.40 Sales Tax Payable ~\$1.60
Aerie makes \$5 donation to charity	Charitable Contribution Expense \$5	Cash \$5
Sales tax remitted to state	Sales Tax Payable \$1.60	Cash \$1.60

Inventory formula: Books sold × donation amount per book = Total donation owed to charity

4. IS OUR INCOME TAXABLE? (UBIT CHECK — ALL STATES)

As a 501(c)(8) fraternal organization, your Aerie may owe Unrelated Business Income Tax (UBIT) only in specific situations. Ask these three questions:

Question	Answer	Result
Are sales primarily to members?	YES	Generally not taxable — stop here
Are sales open to the public on a regular, ongoing basis?	YES	May trigger UBIT — consult CPA
Is the activity run like a business (paid staff, continuous operation)?	YES	More likely taxable — consult CPA
All three answers are NO or occasional?	—	Almost certainly not taxable

5. THE TRUTH ABOUT CHARITABLE DONATIONS

Who Gets the Tax Benefit?	Reality
The buyer	None. The Aerie makes the donation, not the buyer. Do not issue donation receipts to buyers.
The Aerie (tax deduction)	Only if the Aerie has net taxable income. Most Aeries running member-only activities have little or no taxable income, so the deduction rarely applies. See exception below for Aeries with F&B operations.
The charity receiving the donation	The charity benefits from receiving the funds. That is the real purpose of the donation.

★ **IMPORTANT EXCEPTION — Aeries with Public Food & Beverage Operations**

Aeries that operate a bar, kitchen, or dining room regularly open to the public likely generate **Unrelated Business Income (UBIT)** — actual taxable income. In this situation, the charitable donation from book sales becomes a **legitimate deductible expense** that can directly offset that taxable income, providing real tax savings.

The book fundraiser donation isn't just a community program for these Aeries — it's a documented, recurring charitable giving activity sitting cleanly against taxable income.

If your Aerie has UBIT income from public F&B sales, consult your CPA about how the charitable donation from book sales fits into your tax picture.

6. HOW TO ADVERTISE — SAFE WORDING

USE THIS	AVOID THIS
"Proceeds support [Charity Name]. The Aerie donates \$5 per book sold."	"\$5 from your purchase is a donation." (Implies the buyer made the donation — creates tax confusion)
"Your purchase helps the Aerie support [Charity]."	"Your donation of \$5 goes to [Charity]." (Buyer did not donate — do not imply they did)

7. COMMON MISTAKES TO AVOID

- **X** Issuing donation receipts to buyers (they didn't donate — the Aerie did)
- **X** Advertising the donation amount as part of the purchase price (e.g. '\$5 of your \$20 goes to charity')
- **X** Trying to net out sales tax by 'including the donation' in price math
- **X** Assuming all Aerie income is taxable (most routine fundraising is not UBIT)
- **X** Assuming no sales tax applies because part goes to charity (it still applies in most states)
- **X** Overcomplicating the price structure — simple flat pricing is easiest to manage and explain

8. CHOOSING A LOCAL CHARITY — CONSIDER THE PERFORMING ARTS

The Fraternal Order of Eagles was founded in 1898 by musicians and theater owners who believed that bringing people together was the highest form of community service. Choosing a local performing arts organization as your designated charity doesn't just fulfill a tax requirement — it closes the circle. It connects your fundraiser directly to the Eagles' founding story and sends a message to the community about who the Eagles really are.

"Music, theatre, and art bring communities together — and the Eagles were built by the people who made that happen."

What to look for in a charity partner:

- **501(c)(3) status in good standing** — required for the donation to be a legitimate charitable expense. Ask for their EIN and verify at IRS Tax Exempt Organization Search (apps.irs.gov/app/eos).
- **Local and visible** — community theater, youth orchestra, music education nonprofit, local performing arts venue, or school arts program. The more local, the more the story resonates.
- **Audience overlap** — organizations whose supporters, volunteers, and audiences are the same people the Eagles want to welcome home as members.

- **Openness to partnership** — some arts organizations will cross-promote, mention the Aerie at events, or collaborate on future programming.

Type of Organization	Why It Fits
Community theater company	Direct connection to the theatrical founders of the Eagles
Youth music education nonprofit	Invests in the next generation of the arts community
Local performing arts center	Hub of community life — broad visibility and goodwill
School arts or band program	Families, teachers, and students as natural Eagles advocates
Folk, bluegrass, or Americana music nonprofit	Mirrors the Eagles' musical roots most closely

The pitch to your Aerie: "It started with musicians and venue owners. Every book we sell puts money back into the performing arts in our community — and tells people who we really are. Let's go back to the basics and invite the arts community home."

9. QUICK REFERENCE CHECKLIST

Before the Sale

- ■ Confirm your state/local sales tax rate
- ■ Choose tax-included or tax-added pricing
- ■ Register for a sales tax permit if not already on file
- ■ Designate the charity and confirm donation amount per item
- ■ Set up simple inventory tracking sheet

During the Sale

- ■ Keep accurate count of items sold
- ■ Collect correct sales tax amount
- ■ Deposit proceeds to Aerie account promptly

After the Sale

- ■ Calculate donation: Items sold x \$5 (or your amount)
- ■ Record journal entries (revenue + donation expense)
- ■ Remit sales tax to your state
- ■ Send donation to charity; retain receipt for Aerie records
- ■ Report in Treasurer's report at next meeting

When In Doubt — Consult a Professional

Check with your state's Department of Revenue for sales tax rules. For UBIT questions or large public events, consult a CPA familiar with 501(c)(8) organizations.

This is a fundraising program, not a tax strategy. Run it simply, transparently, and consistently.