

A Toastmaster's Guide to

PayPal

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Special thanks to Bill Vineyard of Wallingford Toastmasters for his help in confirming and documenting the setup process.

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1 Before You Start

If your VP Membership or Treasurer is tired of being asked whether your club accepts credit or debit cards, it may be time to say, “Yes!”

PayPal, for one, makes it relatively easy to accept payments in any form, and offers special arrangements and reduced fees for non-profit organizations like Toastmasters. Its setup steps are well documented, but require some knowledge of online banking services and basic skills with Web pages.

This is not a step-by-step trail guide to take you through the various setup processes. You will find those on PayPal’s site¹ and they will reflect the latest updates to their site map. This is intended merely as a “word to the wise” from someone who has previously trod the path before you.

Why Bother?

If adding PayPal to your club’s Web site wasn’t your idea, you may need a little more convincing. You may be thinking, “What’s wrong with cash or check? Even if members can’t find their checkbook, they can find the nearest ATM, right?”

One reason is to keep current – if you don’t stay in sync with the preferences of your newer and younger members, you may let Toastmasters fall behind the times and risk a slow slide into irrelevancy.

A second reason is the time-saving convenience. No doubt you have had to nag some members for a few weeks to pay their renewals. Instead of having to remember to bring the payment along for the next meeting, a week or two later, they can pay right on the computer as soon as they receive that friendly email reminder.

Another reason is that electronic transactions are automatic and self-documenting. No receipts to write, no checks to misplace before depositing them!

And a final reason is data security. The credit card processing companies have come out with new requirements starting Oct 2010² which may require any record containing a credit card number – say, a Toastmasters New Member Application – be kept under lock and key! It’s far less hassle to let PayPal deal with the member’s credit card information.

Why Not Bother?

Setting up PayPal for your members takes some effort, some technical skill, and some coordination between club officers. PayPal is a partner with national banking systems and credit card companies, so there’s a lot of extra authentication required to reduce money laundering and online swindles.

PayPal has extensively documented the setup process, and offers support via phone and email. But this trail has obstacles, so be prepared for the time and energy you’ll need to reach the end.

Here are a few things you ought to know before you get started:

- ◆ You need to create or use an email address for the PayPal account that isn’t an officer’s personal email address.
- ◆ Your club’s bank account needs to have online access already set up. The bank account gets linked to your new PayPal account, requiring the knowledge and involvement of your Treasurer.
- ◆ You need to supply copies of paper documents to prove you own the bank account and that you are a registered non-profit. Those documents have to be either faxed or uploaded in a specific digital format.

¹ If you’re looking for a place to start, visit merchant.paypal.com and explore **Website Payments Standard** on the **Products & Services** menu. (The material at www.paypal.com/nonprofit addresses donations rather than member dues.)

² Search online for “PCI DSS Compliance” for more information.

- ◆ If you're using FreeToastHost as your Web site provider, your easy-to-manage Web site won't support an easy-to-use PayPal payment form.³

And, of course, you have to decide how much more you are going to charge your members to pay online. For non-profits, PayPal currently takes 2.2% + \$0.30 from each transaction; that's about \$1.20 off a \$40 renewal. You can charge members just enough to cover the fees; you can charge them even more, for the convenience; or (if your club doesn't need the money!) you can decide to keep it simple and make dues the same whether paid online or in person.

In your Service Agreement with PayPal, you will state that you will not charge a different amount for using PayPal than for using any other *online* payment method. Of course, no one can prevent you from charging one amount online and another amount for in-person payments via cash or check.⁴

Alternatives

What about online Bill Pay? This is another convenient option for those who don't use checks or cash any more.

Club members can set up a dues payment from their online bank account, either on-demand or automatically every 6 months. Your club probably isn't registered to accept electronic payments, since banks charge a lot for such Merchant Services, in which case the bank generates a paper check and mails it to the club address.

But online Bill Pay has some inconveniences as well:

- ◆ How your members set up Bill Pay depends entirely on their bank's online services. So you can encourage it, but you can't *set it up for them*. And since each bank is different, you can't even document the process for them, other than letting them know what your club's mailing address is.
- ◆ Unless you are a corporate club, every July your club's address may change to the new President or your club's bank account address may change to the new Treasurer. If the members have to re-enter the mailing address every other payment, they certainly won't be making *automatic* payments!

And what about Google Checkout or Amazon Payments? In the past year they have upgraded their payment services to compete with PayPal's. That includes a discount for registered non-profits like Toastmasters, though currently they still charge more per transaction (2.9% vs. PayPal's 2.2%).

For now, PayPal seems to be the easiest way for a member to pay by credit or debit card without having an existing account with the payment services provider. But it's up to you how many different providers you want to support.

3 You can still accept PayPal payments via one or more Buy Now buttons.

4 New federal laws explicitly state this.

Checklist

What To Do	What To Have
Create an account	A club payments or Treasurer email address Club business mailing address Primary Contact info (Treasurer)
Link the club's bank account	Bank account and bank routing numbers Online account security info (optional)
Supply documentation	Voided check Mailed bank statement Tax-exempt statement(s) (e.g., IRS letter to TI, completed Form 990-N) Description of club and dues (e.g., back page of New Member Application) Document scanner or fax machine PayPal-generated cover sheet (if faxing)
Create payment button(s)	Adjusted dues amount(s) Web browser with JavaScript enabled
Add button(s) to club Web site	Web site access and design tools (Webmaster)
Test payment system	Another club email address (optional) Your own PayPal account (optional)

2 PayPal Account

The steps of the process that take the longest to complete may be creating a PayPal business account for your club; including designating it as a non-profit, supplying copies of the necessary documents, and linking it to your club's bank account. The following are things to consider and helpful tips while completing these steps.¹

Create an Account

As with all PayPal accounts, your club account is identified by an email address. If you use the email address of the current Treasurer, he/she may be forever tied to the club's account and may never be able to use that email address to set up a personal PayPal account.²

A better option is an email address created specifically for the purpose, e.g.,

PayToastiesClub10000@gmail.com

or an email account or alias³ associated with your club's Web site domain name, e.g.,

payments@toastiesclub10000.com

Your Webmaster will be able to help you create email accounts or aliases. Either way, a separate email account is easier to hand off to the next officer after each club election.

Ensure that the email address you choose is completely operational before you create a new PayPal account, as numerous verification and notification emails will be sent to this address.

The password you choose should be as secure (and hard to guess) as possible – this is the key to the lockbox protecting your members' money! And, ideally, each year's new Treasurer should change the password upon receiving the account.

- 1 Unlike the steps described in later chapters, PayPal doesn't provide a PDF guide for basic account setup.
- 2 Even for paying club dues!
- 3 Which just forwards all emails to the current club officer's personal email account.

As with most online financial services, PayPal requires a number of verification items during account setup: business name and address, primary contact information, security questions and answers. Note that the business address and contact name and phone number should match the information on the club's bank account; the two accounts will be cross-checked during authentication. That may mean using your Treasurer's contact info rather than your President's contact info if your club's "mailing address" is different from its "billing address."⁴

The contact information must eventually include at least one two-way email address, not the forwarding email you may have just created to identify the PayPal account. The latter is the main communications channel for PayPal's customer support during account validation, but if there are any setup or compliance issues, your requests or replies have to be sent *from* a registered email address. You can add multiple people for notifications and account management (it's a good idea to have a second officer on every club account). One two-way email address will probably be the Treasurer's own email address; and the next Treasurer will have to remember to add his/hers after each club election.⁵

The primary contact needs to ensure that his/her email service doesn't flag automated notifications, such as those sent from PayPal, as spam.

Link the Club's Bank Account

Before you can complete setup of a business account for a non-profit, the account has to be linked to an online bank account. It doesn't have to be done during the initial account

- 4 Currently PayPal doesn't allow the business contact name to be changed without supplementary documentation, e.g., another bill or bank statement showing the new (Treasurer's) name on it. This may cause some officer headaches every year.
- 5 Each email address can only be registered with one PayPal account, however, so officers with a personal PayPal account will have to use a different email address for your club account.

setup; you can **Add a Bank Account** any time thereafter, providing the bank routing number and account number. There are two options for bank account confirmation: an “instant” method and a deposit-verification method.

The “instant” method requires entry of all of your online bank account access codes and even the security questions and answers. PayPal does the confirmation automatically for you. Obviously, you *have* to trust PayPal with your member dues; but given the reoccurring news headlines about online security breaches, it still seems risky to give anyone else that kind of information, if only temporarily.

For the alternative method, PayPal deposits amounts of less than \$1 each into the club’s bank account and your Treasurer proves he/she has access to that account by entering those exact amounts into a PayPal confirmation form. This may take a day or two depending on how quickly your club’s bank processes inter-bank transactions.⁶

Supply Documentation

When prompted during account setup, select a **Business Type** of “Non-Profit Organization.”⁷ That kicks off a series of (sometimes confusing) email notifications, e.g.:

As part of our security measures, we regularly screen activity in the PayPal system. We recently noticed an issue with your account:⁸

In order to secure your account, we would like further information from you. Please log in to your PayPal account to respond to this request.

and requests for documents that will guide you through the process, e.g.:

PayPal requires accounts within the charity / non-profit category to provide us with some additional information regarding their organization. Upon a recent review, your account was identified as falling within this classification. Until we can collect this information, your access to sensitive account features will be limited. Please take a moment to provide us with this information so that we can restore your access as soon as possible.

The document submission process is handled as a “case” in the Resolution Center (which otherwise deals with buyer/seller dispute resolution). PayPal will list one or more **Steps to Remove Limitation**. Click on each **Resolve** button to process the requested documents.

For our Toastmasters club, PayPal was satisfied with the following:

- ◆ A voided check AND a mailed bank statement (not just a Web page showing your online bank account) with the club’s name and account number.⁹
- ◆ The IRS exemption letter for Toastmasters clubs (dated Oct 27, 1971¹⁰) and/or your annual Form 990-N e-card, receipt, or instructions.¹¹
- ◆ A description of the “nature of your organization” and “payments to process” (the back side of the New Member Application serves nicely for both).

Actually submitting the documents is a bit vexing. For the “old school” folks, PayPal allows documents to be faxed, though other merchants have reported difficulties getting an answer at PayPal’s fax number. You must print and fill out a fax cover sheet that PayPal provides.

If you have a document scanner, you can upload the requested documents digitally. PayPal accepts GIF, JPG, PNG, and (finally!) PDF file formats. To make it more challenging, PayPal allocates a limited amount of document space for uploads, so you must be conservative with the number and/or file size of page images.

If you have already completed initial setup, you may have noticed that PayPal logs you out after a few minutes of inactivity. This may create a problem if, for example, you’re logged out in the middle of uploading documents. So before you start each Resolve step, make sure the required documents are ready to go in the correct format.

When all Resolve steps are completed and all documents have been delivered, PayPal will review them and send an email notification¹² when your non-profit status is confirmed.

If anything goes wrong or you haven’t completed a necessary step, however, you may be asked to send more information or an email confirmation to

compliance@paypal.com

As noted earlier, an email sent to this address has to come from an email address that’s already registered on the PayPal account.

⁶ PayPal doesn’t notify you by email when those deposits have been made; you have to keep checking your online bank account.

⁷ Two related items, later on the form, can be:

Category: Nonprofit

Subcategory: Educational

⁸ The actual issue is missing from this email for some reason.

⁹ The site implies one OR the other, but it appears that one document for each **Type of Evidence** must be uploaded before the status will change to “In Progress”.

¹⁰ This was apparently acceptable in spite of a PayPal requirement that “Your documentation cannot be older than 6 months.” It may be that PayPal has a blanket acceptance policy for Toastmasters clubs by now.

¹¹ The letter and instructions are downloadable from TT’s site.

¹² With a somewhat confusing subject line of “Your PayPal Account Access Has Been Restored.”

3 PayPal Buttons

PayPal supports a wide variety of ways to connect merchant Web sites to its payment services, and offer non-profits a number of options for accepting donations. But for most Toastmasters clubs, a simple Buy Now button or two will do.

For step-by-step instructions, look for the **Website Payments Standard Overview** where you can also download the **Website Payments Standard Integration Guide**.¹

Create Payment Button(s)

The easiest and safest payment mechanism is a hosted button. “Hosted” means that PayPal generates and stores all of the information about the payment process started by that button rather than you having to write custom code for your site. It’s also more secure: the only thing that is exposed on your Web page is a unique button ID.²

- 1 Finding documents on the site isn’t easy. As of this writing: From the **Website Payments Standard** page footnoted in Chapter 1, select the **Setting Up** tab, then the “**set up your button**” link, then the link to the **Overview** page. The Guide is a PDF linked at the lower left of the page.
- 2 Eliminating the need to implement HTTPS.

You may choose (or be forced³) to create one button for renewals only, or a button for each payment option.

We chose to create a Buy Now button, labeled “Pay Now”, and added a **drop-down menu with price/option** that lists the 6-month renewal price and the pro-rated new member prices. We included a **text field** for the member’s name, passed along to the payment detail, as a cross-check in case his/her PayPal account was under another name. (See the sample payment form in Figure 1.)

We enabled a few more features by adding Advanced Variables, including one to display a button or link on the PayPal confirmation page to return to our Web site after payment.

All of these features and more can be specified when you create a payment button. The PayPal site allows you to create sample buttons even before you create an account, but you need to be logged in before you can save or change one.⁴ As

- 3 See Limitations following.
- 4 It is also tricky to find your buttons once you have created them. As of this writing: Select the **Merchant Services** tab and look in the **Create Buttons** section for the link to the **My Saved Buttons** page.


NEW! Pay member dues with PayPal or credit/debit card


Starting Month

New Member - start Apr or Oct \$60.50

Member Name

Tom Thumb





Powered by [PayPal](#)

Figure 1. Sample PayPal form on a club Web site, for new member and renewal payments

you add or change features, the button designer shows you how the completed button or form will look.

After creating a button, you can view the HTML code generated for placing the button or form on your Web site. (See abbreviated sample code in Figure 2.) From there, you copy the HTML and paste it into one of your Web pages using your site design tools.⁵

Other Options

If you create a Subscribe button you can offer your members an automatic subscription option, so they pay the first time and it automatically bills the credit card or bank connected to their PayPal account.

We decided not to offer it to our club members, for now. It requires them to have a PayPal account and to keep their credit card info updated.

Also, people tend to drop their club membership at the 6-month renewal mark. If a member decides to drop out of your club *after* a subscription payment is automatically charged, the club will have to pay them back.⁶

You can customize PayPal's checkout process, such as displaying your club logo on the checkout page or directing the

- 5 You can edit your copy of the generated code, altering the format to match your club site, etc., as long as you don't change the button's or form's parameters and fields.
- 6 PayPal does allow Online Refunds within 60 days of payment, including refunding most of the transaction fees.

payment process to an Auto Return page on your club site after checkout (see suggested changes in Figure 4 and effects in Figure 5). But each customization may come with a catch; e.g., having to supply that logo image via HTTPS⁷ or conforming to PayPal requirements for Auto Return pages.

Limitations

Note that the **Create PayPal Payment Button** page uses JavaScript.⁸ If your Web browser has High security settings, scripting may be disabled or may be enabled selectively per Web site. If so, you will not have access to all of the PayPal features and may not even be able to save the button.

If you are using FreeToastHost (FTH) to host your club's site, be aware that there are one or two constraints when integrating with PayPal.

First, FTH doesn't support forms on club pages. That means a button can't have price options or extra text fields and you will not be able to use the HTML code that PayPal generates. Instead, you will have to create a hosted PayPal button for each amount, optionally create your own "button" images, and use a hyperlink for each button to initiate the payment process. Given all this extra hassle, you may choose to offer only one button – for the 6-month renewals. (See sample

- 7 i.e., stored at a secure web address. Otherwise, the member's browser may complain that PayPal's secure checkout page "contains both secure and non-secure items" which is annoying and reduces trust in the checkout process.
- 8 A programming language to create dynamic Web sites.

```
<form action="https://www.paypal.com/cgi-bin/webscr" method="post">
  <input type="hidden" name="cmd" value="_s-xclick">
  <input type="hidden" name="hosted_button_id" value="ABCDE12345">
  <table>
    <tr><td>
      <input type="hidden" name="on0" value="Starting Month">Starting Month</td></tr>
    <tr><td>
      <select name="os0">
        <option value="New...Apr or Oct">New Member - start Apr or Oct $60.50</option>
        <option value="New...May or Nov">New Member - start May or Nov $54.00</option>
        <option value="New...Jun or Dec">New Member - start Jun or Dec $47.50</option>
        <option value="New...Jul or Jan">New Member - start Jul or Jan $40.50</option>
        <option value="New...Aug or Feb">New Member - start Aug or Feb $34.00</option>
        <option value="New...Sep or Mar">New Member - start Sep or Mar $27.50</option>
        <option value="Member Renewal - 6 mo">Member Renewal - 6 mo $40.00</option>
      </select> </td></tr>
  </table>
  <input type="hidden" name="currency_code" value="USD">
  <input type="image" src="https://www.paypal.com/en_US/i/btn/btn_paynowCC_LG.gif"
    border="0" name="submit" alt="PayPal - The safer, easier way to pay online!">
</form>
```

Figure 2. Sample button (form) HTML code generated for a button with price options



```
<a href="https://www.paypal.com/cgi-bin/webscr?cmd=_s-xclick&hosted_button_id=ABCDE12345">
  
</a>
```

Figure 3. Sample custom-made button and HTML code for FreeToastHost sites

image and HTML code for an image link in Figure 3.)

Second, PayPal may not accept payments initiated from aliased/masked sites. Currently, some clubs hosted by FTH use “masked forwarding” to change the apparent web address; e.g., changing

toastiesclub10000.freetoasthost.com

to the friendlier and more common

www.toastiesclub10000.com

But to accept PayPal payments, you may need to revert to standard domain name forwarding. (Your Webmaster will know what to do in this case.)


Step 1: Choose a button type and enter your payment details	
Customize text or appearance / Customize button Select button text	Pay Now (if not using a custom button image)
Step 3: Customize advanced features (optional)	
Can your customer add special instructions in a message to you? Name of message box	Yes (if member name not an added text field in Step 1) e.g., “Note member name if not also billing name”
Do you need your customer’s shipping address?	No
Add advanced variables	cbt=Return to Toasties Club 10000 site return=http://www.toastiesclub10000.com/paymentpage.html item_name=Toasties Club 10000 Membership

Figure 4. Suggested changes to some default settings on the Create PayPal Payment Button page

Toasties Club 10000

Toasties Club 10000 Membership
Total: \$40.00 USD

PayPal is the safer, easier way to pay







PayPal securely processes payments for **Toasties Club 10000**. You can finish paying in a few clicks.

Why use PayPal?

- Use your credit card online without exposing your card number to merchants.
- Speed through checkout. No need to enter your card number or address.

Don't have a PayPal account?
Use your credit card or bank account (where available). [Continue](#)

LOG IN TO PAYPAL

Email:

Password:

Log In

[Forgot email](#) or [password?](#)

Figure 5. First PayPal page after clicking a payment button, showing business name and item name

4 PayPal Testing

If this is your first foray into real functionality for your club's Web site, or if you ran into complications with any of the preceding steps, you will want to test your PayPal setup before you let members use it.

Fortunately, PayPal provides a complete testing environment. Unfortunately, it's even more complicated than the preceding steps!¹

Quick and Dirty Testing

If you're not up for that kind of challenge, you can cross your fingers and hope nothing will go wrong... though with PayPal's Web Payments Standard and a hosted button or two, there are only a few things that can go wrong.

If it's close to 6-month renewal time, try renewing your own membership online as soon as you finish your PayPal setup (and before you tell anyone else in the club). Observe each purchase step carefully.

First, select the option or button for 6-month renewals or subscriptions on your club's Web site. When you press the button, the PayPal page should appear with the correct club info and amount showing (see example in Figure 5).² If it doesn't, the pasted-in HTML code or `hosted_button_id` value may be incorrect. Fix that before proceeding further.

Second (if you customized the payment process), look for the club name or logo at the top of the page, the button that returns you to your club's Web site at the end of the payment process, etc., and make sure everything looks and operates correctly.

- 1 Begin at www.paypal.com/integration (which redirects to the X Developer Network site). Select the **Learn** button, then the **Getting Started - Sandbox** link. That page includes a link to download the **Sandbox User Guide** (PDF). The testing site itself is at developer.paypal.com
- 2 Additional payment details can be shown by clicking on the blue drop-down arrow under the payment summary. (Unfortunately, PayPal doesn't offer an Advanced Variable to display that page with the details always showing.)

Third, after completing your renewal payment, you should receive an email confirmation of your payment. The primary contact on the PayPal account will receive a transaction notification as well.

Finally, log into the PayPal account and confirm the transaction gross amount and fee. The **Details** link will display the contents of any custom text fields you specified. If those all look correct, the new-member options you've specified will probably work too. If you miscalculated what the net amount would be, go back to **My Saved Buttons** to adjust the gross amount(s) and update the form on your Web site accordingly.³ If the fee is more than 2.2% of gross plus \$0.30, ensure that your non-profit status has been confirmed.

PayPal Test Site

If you're more technically confident, or your setup is more complex, PayPal provides a "Sandbox",⁴ a parallel universe for testing that acts like PayPal in all respects except that no bank accounts are linked to it and no real money is exchanged.

PayPal recommends using yet another unique email address to register for the Sandbox testing site. After setup is complete, you need to create at least one buyer/personal test account (representing a club member) and a seller/business test account (representing the club) within the Sandbox site. You can use the "preconfigured" option to generate test account email addresses and credit card numbers for you.⁵

To test a hosted button, you have to recreate it within the test seller's account, using the same options as you used for the button in your real PayPal account. From within the Sandbox account, on the **Test Accounts** page (see Figure 6), select

- 3 It's too late to adjust the amount the club received from you, unless you Issue a Refund, but you can always pay the difference in cash or consider any overpayment a club donation!
- 4 This is a tech term meaning "a safe place for software to play."
- 5 They may look similar to real ones but only exist within the test environment.

the **Log-in** for the seller/business account and click **Enter Sandbox Test Site**. PayPal opens a new browser window for PayPal, showing a **Test Site** header and footer, and the test seller’s email address preloaded. Log in using the test seller’s password and recreate the button(s) you want to test.⁶ Make a note of the new `hosted_button_id` value(s) before you log out⁷ and close the new window.

The HTML code to be added to your club’s Web page (generated by the button designer, or your own image link code as in Figure 3) also requires two changes before you can test:

- ◆ The form’s `action` parameter (or the button image link’s `href` parameter) changes to

```
https://www.sandbox.paypal.com/...
```

- ◆ The value for the `hosted_button_id` changes to the test button’s ID.

You can edit these two values directly on your club’s Web page, if no one knows the form or button is there yet, or on a copy of the Web page stored on your own computer.

Now you are ready to test everything. On the Sandbox **Test Accounts** page again, select the **Log-in** for the buyer/per-

sonal test account and click **Enter Sandbox Test Site**. In the new window, change the Web address to your club’s Web page (or the file location of your copy).

Follow the start-to-finish testing steps noted in the previous section for each payment option or button you offer, i.e., as if you were renewing and then as a new member. After completing one or more transactions, log in⁸ as the test buyer to confirm that each payment was recorded properly and as the test seller to confirm the amounts received⁹ and other details.

Back on the Sandbox **Home** page, if you click the **Test Email** link you can also review the email confirmations that the test buyer and test seller receive.

When your testing is complete, remember to change the HTML code for the form and/or button(s) back to the original PayPal site address and button ID(s).

⁶ PayPal allows only one login per computer or browser, so every time you log in with a business, personal, or Sandbox account, it logs out your previous account login – even if it is in a different browser window or tab. That makes it difficult to duplicate the button options without writing them down.

⁷ You can save yourself headaches by carefully avoiding the topmost **Logout** link in the new window, which logs you out of your Sandbox account while you’re in the middle of testing!

⁸ You can use that new window to visit the test PayPal site, `www.sandbox.paypal.com`; otherwise, close the new window, select the test account, and click **Enter Sandbox Test Site** again.

⁹ In the test environment, the fee will be the full 2.9% + \$0.30.

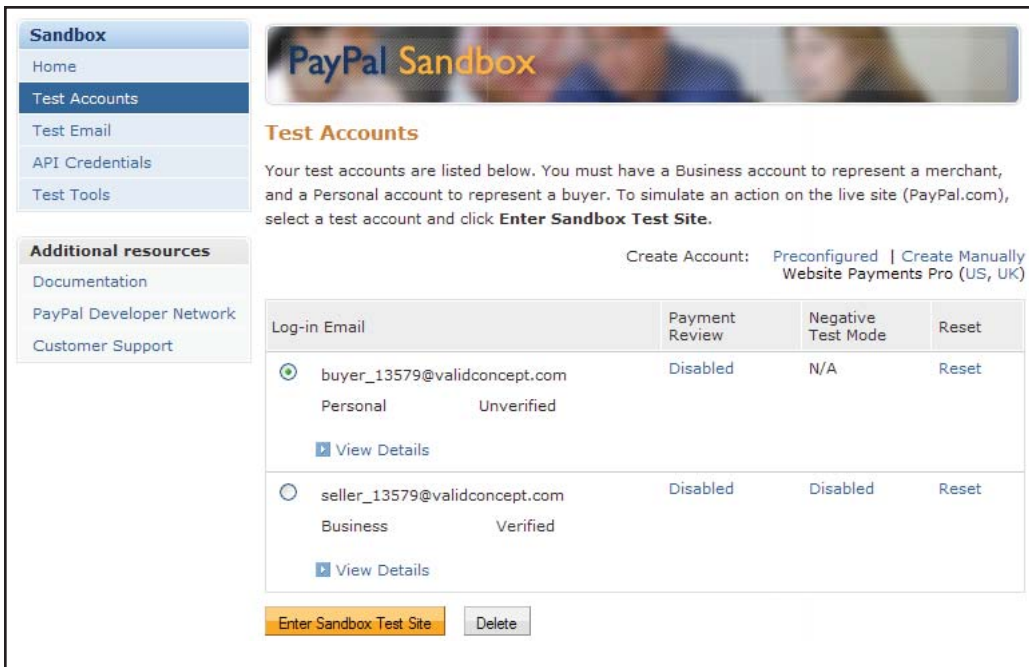


Figure 6. List of PayPal test accounts in the Sandbox test environment

ValidConcept™, a service of Designer Software, Inc.
www.validconcept.com

