

Guide to Club/Organization Finances

Some of the most common questions students come to the Club Resource Center to ask are about banking, funding and taxes. The following guide is meant to answer some common questions and provide advice about best practices for managing money.

Club Bank Accounts

Opening up a bank account for the first time?

If your club/organization is planning on spending and raising money over the course of the academic year, chances are the club/organization has or needs a bank account. Your club/organization can get a bank account from any bank. However, ASUA recommends Vantage West. There is a branch at the intersection of Speedway and Euclid and they frequently help UA clubs/organizations open bank accounts.

Here's what you need to do:

- Get a Tax ID from the IRS (see below).
- Authorize specific officers to have access to the bank account. A club/organization must have at least the president treasurer, and advisor since co-signing is extra insurance that club/organization money will not be misspent (see below).
- Make sure you are a recognized club/organization. All clubs/organizations need to go through the official recognition process. (Contact uaorgs@email.arizona.edu for more information.)

To open the bank account at Vantage West (requirements at other banks may vary), you will need to bring:

1. Your club/organization's tax identification number.
An official recognition letter issued by the ASUA Executive Vice President. This letter verifies that you have completed the recognition process and are an officially recognized club/organization. A bank letter request form needs to be filled out by a club/organization's president. The bank letter request form can be accessed at: <https://orgsync.com/forms/show/16611>
2. A typed copy of the official club/organization meeting minutes during which the club/organization members granted the co-signers to have access to the bank account. This verifies that the club/organization recognizes the co-signers as the account managers.
3. Two forms of identification per co-signer. A driver's license or state ID and a CatCard will be sufficient.

If you are changing the co-signers of an existing account, you will need to bring:

- Your club's tax identification number

- An official letter issued by the ASUA Executive Vice President that: 1) recognizes the club/organization as an official student club/organization, and 2) recognizes the new club/organization leadership, including the new co-signers. A bank letter request form needs to be filled out by a club/organization's president. The bank letter request form can be accessed at: <https://orgsync.com/forms/show/16611> will need to provide the names of the previous account co-signers, as well as new co-signers.)
- A typed copy of the official club meeting minutes during which the club/organization members granted the co-signers to have access to the bank account. This verifies that the club/organization recognizes the co-signers as the account managers.
- Two forms of identification per co-signer. A driver's license or state ID and a CatCard will be sufficient.

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Tips for managing money

Store, manage and pass down all necessary financial information to new leadership—especially your club’s tax identification number.

A common problem that clubs/organizations have is the loss of financial records after leadership has changed and graduated. Money can be hard to access if the appropriate information (including account number, tax identification number, or names of past leadership) is not stored and passed on during leadership transitions. This information is sensitive—keep it in a safe place. You can request that ASUA keep a copy of your tax identification number in their files (located in the ASUA office). However, this is not required.

Avoid using cash! Instead, checks provide a receipt that can be referenced later, even if paper receipts have been lost.

To put it simply: avoid using cash if it all possible. Receipts should be collected in the form of checks made out to the club/organization rather than in cash. Dues, fees, and other receivables should be collected by check. Using this method provides a record for the issuer of the check in the form of the canceled check, thereby eliminating the need for receipts. More important, the check is negotiable only to the extent that it can be deposited in the organization’s account. It is much more difficult to keep track of cash, and, unfortunately, cash has a way of disappearing. The club/organization’s obligations should also be paid by check. Cash payments by officers, for example, will require reimbursement, which can be a bit messy. The person paying with cash on behalf of the organization will have to produce a receipt in order to be reimbursed. People lose receipts, and treasurers do not like having to keep a file of receipts, so the best way to handle all financial obligations is to pay them by check.

Require checks to be co-signed by the club/organization president and treasurer.

Eliminating the use of cash will not solve all the organization’s financial problems. Checks over a certain amount should require a second signature. This approach will ensure, first, that significant expenditures are reviewed to make sure they are appropriate, and second, that the checks are being drawn to the right person or organization. Little could be worse for an organization than a misunderstanding arising over a large expenditure that was for the wrong item or that was drafted to the wrong payee. Failing to follow this procedure could be devastating for the organization and its members.

Periodic reports provide a way for club officers to see in an organized way where money is going and how the budget compares with real spending and income.

Periodic reports should be produced by the treasurer to be reviewed by the leadership of the club/organization, you, and, as appropriate, the members. At a

minimum, operating statements should be produced every quarter, although every month would be far more desirable. Balance sheets should be produced at least once each quarter, preferably at the end of the quarter. These materials are very useful to the leadership in determining if the budget for the organization is being managed as it was proposed. If there are substantial variances from the budgeted plan, they should be pointed out by the treasurer to the executive committee as soon as the problems are identified. You should spend extra time with the treasurer if problems arise that could potentially affect the organization's financial health. Financial problems rarely solve themselves; they should be addressed as early as possible in the fiscal year.

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Prior to leadership turnover (after new officers have been elected but before old officers leave), do a financial audit to make sure that: 1) the new leadership is aware of the financial status of the club and 2) all necessary financial records and documentation is passed onto the appropriate people.

Most clubs/organizations undergo a change in leadership at least once a year. Consequently, student clubs/organizations frequently are in a state of transition, and the dilemma of who exactly is responsible for which tasks and who is the caretaker of sensitive information can lead to real problems. Student leaders come and go, but the fiscal records of the organization must be maintained from one year to the next. Accordingly, we recommend that an audit of the club/organization's financial records be conducted each time there is a change in the executive leadership (meaning the president, the treasurer, or both). For most clubs/organizations with a limited scope, a student majoring in accounting, finance, or a similar discipline could be invited to conduct the audit. Conducting an audit will serve as a good experience for the student and will be a valuable service for the club/organization. In larger more financially complex club/organization a professional auditor may need to be contacted. However, clubs/organizations may be able to recruit friends majoring in business or accounting to help with their organization audits. Most audits are very simple. The auditor checks receipts against deposits, and expenditures against the disbursement records of the organization. If the auditor identifies a problem, it is more likely the result of an honest mistake than a major conspiracy to defraud the club/organization of funds. It is best that the audit be conducted as a matter of routine procedure rather than as a result of a disaster. You can be very helpful in insisting that the audit be conducted.

Adapted from pages 162-164, *Advising Student Groups and Organizations*, Dunkel N.W. and Schuh, J.H., (1998) Jossey Bass Publishers, San Francisco, CA.

Tax identification numbers

Please Note: The following information has been compiled from www.irs.gov.

A tax identification number (TIN) is necessary to open a checking account at a bank. It is possible that a student club/organization may have taxable income, if they earning money through donations, fundraising, interest accrued from a checking account or sponsorship. However, if your club/organization has gross receipts (the total amounts the organization received from all sources during its annual accounting period) \$25,000 or less each year, your club/organization *most likely* does not have a tax liability. Clubs/organizations can also apply for non-profit tax-exempt status. However, you should be aware that is a complex process and will mostly require financial and legal advice from an accountant and attorney, respectively (not available through the Club Resource Center). You can review guidelines for this process at <http://www.irs.gov/pub/irs-pdf/p557.pdf>. Regardless of whether you apply for non-profit tax-exempt status, all "organizations exempt from income tax under Internal Revenue Code section 501(a) [which includes most university clubs

and organizations] must file an annual information return." See section below on "Important Tax Information for Clubs/Organizations."

You can apply for a federal tax identification number (also called an employer identification number, or EIN) by completing an online interview schedule (found at <http://www.irs.gov/businesses/small/article/0,,id=97860,00.html>) or by filling out a paper form and mailing or faxing it in. The paper form is called "Form SS-4 (and can be found at <http://www.irs.gov/businesses/small/article/0,,id=97860,00.html>). A sample SS-4 form with relevant information on how a UA club would fill it out can be found at the back of this information packet. Filling out the form in the following way will decrease the chances that the IRS will question whether your club/organization is liable to pay taxes in the future.

When applying online or using the paper form, an individual (a president or treasurer) will need to provide personal information, including a social security number. However, you should not be overly concerned about providing your personal SSN because the SSN will not be linked with the TIN.

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When completing the online interview schedule, the following guide may help you:

Page 1: What type of legal structure is applying for an EIN?

Select "View additional types, including tax-exempt and governmental organizations"

Page 2: Additional types

Select: Community or Volunteer Group

Page 3 will ask you to confirm your selection.

Page 4 will ask the principal officer of the organization to enter his or her information.

Here we suggest a president or treasurer provide this information.

Page 5 will ask for the principal officer's address and contact information

Page 6 will ask for information about the club/organization.

You should enter the club/organization's name. For the date that the club/organization was acquired, select "January" and the year.

Page 7 will ask a variety of questions about your club/organization.

You will most likely be able to answer no to all of them.

Page 8 will ask what your business or club/organization does.

Select "Other."

Page 9 will ask you to specify what activity best describes your club/organization.

Select "Other" and write in the space provided: "university club/organization."

Page 10 will ask you how you would like to receive your EIN.

If you choose to receive it via online letter, you will receive a PDF immediately. You should keep a digital and hard copy for your records.

Important Tax Information for Clubs/Organizations

Please note: Information is taken from: www.irs.gov/pub/irs-

tege/990_generalinstructions.pdf

"The Form 990 is an annual information return required to be filed with the IRS by most organizations exempt from income tax under Internal Revenue Code section 501(a)." This includes both organizations officially recognized as tax-exempt (IRS-recognized non-profit organizations) and non-exempt organizations operating as a non-profit (e.g., those "organizations that have not applied for recognition of exemption" but who are not making a profit, re: most student organizations). The 990 Form appropriate to *most* university clubs and orgs will be Form 990-N: "If an organizations normally has gross receipts of \$25,000 or less, it must file Form 990-N." Form 990-N can be filed electronically via an "Electronic Notice (e-Postcard)" and can be found at <http://www.irs.gov/charities/article/0,,id=169250,00.html>. "The e-Postcard is due every year by the 15th day of the 5th month after the close of your tax year. For example, if your tax year ended on December 31, 2007, the e-Postcard is due May 15, 2008."

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Fundraising

Fundraising seems simple, but it is not. If it were, most institutions would experience record-breaking success in their advancement activities every year. Fundraising is hard work, with many disappointments along the way. Funds cannot be raised at any time, place, or manner convenient to students.

To assist you in generating funds ASUA has listed fundraising ideas as well as the names and numbers for contact people that you should reach if interested. This can be found at <http://asua.arizona.edu/tips.htm>. As you review the list of ideas and contacts you may have some new ideas for fund raising; please contact a club advocate at ASUA, so it can be added to this resource.

Three Primary Sources for Funds

Associated Students at the University of Arizona

ASUA provides funding to all recognized clubs/organizations on campus and recommends an early start to the funding process. All funding requests are considered on a case-by-case basis. You can contact one of the seven club advocates at 621-ASUA with questions about the funding process or ASUA. Please refer to the club/organization funding requirements found online, and please note any funding request is not complete until you have met with a Club Advocate. For more information visit the website at <http://clubs.asua.arizona.edu/> or email them at uaorgs@email.arizona.edu.

To assist you in generating funds ASUA has listed fundraising ideas as well as the names and numbers for contact people that you should reach if interested. As you review the list of ideas and contacts you may have some new ideas for fund raising; please contact a club advocate at ASUA, so it can be added to this resource.

Graduate and Professional School Council

GPSC provides Special & Initial Club Funding for recognized clubs/organizations whose membership is at least 50% UA graduate and professional students. GPSC has also gathered a listing of eleven on-campus sources for club funding. This comprehensive listing of fund and grant sources can be accessed at <http://www.gpsc.arizona.edu/sections/funding/fundingPrograms.php>. For more information please visit the GPSC website at <http://www.gpsc.arizona.edu/> or email them at gpsc@u.arizona.edu.

Student Union Corporate Sponsors Grant

The Arizona Student Unions and corporate sponsors who offer services in the Student Unions are pleased to offer University of Arizona recognized student clubs/organizations, affiliates of the Associated Students of the University of Arizona (ASUA), and the Graduate and Professional Student Council (GPSC) the Corporate Partners Grant Program. This is an opportunity to apply for funds to support activities, which benefit the campus community. Visit <https://union.arizona.edu/csil/clubs/corpSpons/> to view the application and budget forms.

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Receiving and Acknowledging Donations

When businesses or individuals sponsor or donate money to your club/organization, it may be a tax write-off for them. As acknowledgement of their donation and as a receipt for the donation, your club/organization should write a formal thank you note. A thank you note will demonstrate to the donor that your club/organization is appreciative of their help, will help cultivate a relationship between your club/organization and the donor, and will encourage them to donate in the future.

Use this "thank you letter" template, but customize it to make it more personal:

Dear **NAME OF SPONSOR,**

On behalf of [club/organization name], I would like to thank you for your generous donation of \$_____. Your contribution makes it possible for us to **[state purpose]**.

Since its inception in **[date club/organization started]**, **[club/org. name]** has **[briefly state highlights]**. In **[past or current year]** we have **[briefly describe growth or goals achieved]**. This is only possible because of thoughtful contributions from people like you.

In **[current or coming year]**, we plan to **[briefly state continued efforts or expected growth]**. As you know, the cost of **[brief description of what club/organization does]** does not go away. We hope for your continued support in the future.

No goods or services of any value were or will be transferred to you in connection with this donation. **(OR)** The estimated value of goods or services provided in return for your donation were \$_____. Please keep this written acknowledgment of your donation for your tax records. For your tax purposes, the tax identification number for **[name of club/organization]** is **[tax ID number]**.

Once again thank you for your generous donation.

Sincerely,

Signature

Name
Title
Club/Organization

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Raffles

All fundraisers must be legal. All club/organization related raffles require registration and approval. Please review the following raffle policy and submit an "Application to Conduct a Raffle" form (form can be downloaded at <http://clubs.asua.arizona.edu>) at least two weeks in advance of the raffle. The form will be approved and you will receive a copy; the original will be kept in your club file in ASUA. Recognized student clubs/organizations conducting raffles must have an approved raffle form on file in ASUA prior to selling tickets.

Raffle policy

Recognized student clubs/organizations conducting raffles must complete an "Application to Conduct a Raffle" form with prior to selling tickets. The form The University receives the right to prohibit raffles at anytime, and students assume all risk in running a raffle that such activity, depending on its structure, may be deemed illegal gambling under Arizona law.

4. It must be clearly stated that the club/organization is responsible for all aspects of the raffle and that funds collected are used to benefit the group's programming budget, service to the University community, and/or philanthropic endeavors.
5. It must be clearly stated that the University neither endorses nor sponsors the activity. The club/organization must provide a disclaimer of any University sponsorship, or endorsement of the event, preferably on the raffle tickets.
6. No University funds may be used to initiate or underwrite raffle expenses.
7. Student clubs/organizations conducting raffles must be recognized by ASUA.
8. All clubs/organizations that wish to conduct raffles or other functioning activities must have in their constitutions a statement that they are not-for-profit.
9. No individual clubs/organization member may benefit directly or indirectly from the raffle.
10. No person except a bona fide local member of the club/organization may participate directly or indirectly in the management, sales, or operation of the raffle.
11. No club/organization should make representations with regard to the taxable status of money paid for the purchase of raffle tickets.
12. It must be clearly stated that no portion of the funds raised may be used to purchase alcohol or illegal substances in violation of state law and University alcohol policies.

