



FAULKNER UNIVERSITY

STUDENT ORGANIZATION ACCOUNTS

Section: **Administrative - Finance**
Policy Number: **411**
Past Revisions: **n/a**

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GENERAL PROVISIONS

Each Faulkner University student organization must establish an account if the organization is collecting income such as dues, fund-raisers, and sales.

Student Organizations and Clubs are required to keep all funds allocated by the University in an on-campus account provided by the University. Organizations that collect membership dues of their own are permitted, but not encouraged, to maintain off-campus accounts for transactions with these funds, but must not deposit funds made payable to, or intended for, Faulkner University into the off-campus account.

Policy Agreement

All organization officers and faculty/staff sponsors/advisors will be required to sign an annual acknowledgement stating their agreement to abide by the terms and procedures of this policy. This policy applies to funds maintained in both on-campus and off-campus accounts.

Audit of Financial Records

Student organizations must submit financial records for audit at the request of the Vice President for Finance or the Vice President for Student Services (or Associate Dean for Student Services for any Jones School of Law student organization).

Organizations are required to submit, at minimum, a financial report at the end of each semester, to their organization sponsor/advisor. The sponsors and advisors can require more frequent reporting, if desired.

All student organizations are required to submit a yearly financial statement at the end of each school year, no later than May 31st, to the Office of the Vice President for Finance for audit purposes. This statement should include the organization's opening balance, a breakdown of total revenues, a breakdown of total expenditures, and the closing balance. Organizations maintaining off-campus accounts should also include a copy of their most recent bank statement with their financial statement.

Budgeting

The treasurer of the organization is responsible for keeping the organization aware of its financial status and handling the organization's budget. It is recommended that the organization sponsor or advisor be part of the budgeting process since they are here year after year and might be able to provide good advice from past experiences.

Donations and Fundraising

All donations to the organization must be made through the University's Development Office in order to be considered tax-deductible. Donations to any Jones School of Law student organizations should be made through the JSL Development Office. Donated funds will then be routed back to the organization.

Solicitation activities on campus sponsored and conducted by students, student organizations, or groups must be approved in writing by the Vice President for Student Services and carried out only in the designated areas. Refer to Policy # 385 – "Solicitation" for detailed guidelines. Any student, student organization or group proposing to solicit monetary contributions or gifts must obtain prior approval from the Vice President for University Advancement. Refer to Administrative Policy # 505 - "Fund Raising Events and Grant Applications" for detailed guidelines.

Sales Tax

The student organization spending funds from an off-campus bank account may not use the University's taxpayer identification number or the University's tax-exempt status in connection with purchases or sales by the organization, gifts to the organization, interest on other income of the organization, or any other activity of the organization. The benefit of the University's Sales Tax Exemption will be extended for any purchase made through the University's purchasing request system.

FINANCIAL MANAGEMENT OF ORGANIZATION ACCOUNTS AND FUNDS

Student organizations are encouraged to keep detailed records regarding all financial transactions. Organization sponsors and advisors should be involved in the management of organization funds and the maintenance of organization accounts. The following are some suggestions on how to best manage the organization's account:

Handling Funds

- Numbered receipts should be used for all funds received; receipts should be used in sequential order.
- The organization should perform reconciliations between the items sold and the funds received (this should also be performed for dues received).
- All checks received should be restrictively endorsed upon receipt (if desired, a stamp can be ordered to show organization name, bank name, and checking account number).
- All funds should be properly safeguarded between deposits; cash should not be kept in dorm rooms overnight.
- All income should be deposited daily.
- Deposits should be verified by two individuals.
- Funds are to be used for organizational purposes only; personal use of organization funds will be grounds for disciplinary action.

Expenditures

- Faulkner University's Sales Tax Exemption **may not be used** when making purchases using funds from an off-campus bank account. The benefit of the University's Sales Tax Exemption will be extended for any purchase made through the University's purchasing request system.
- All purchases should be approved by a sponsor/advisor; an event planning budget should be developed prior to purchasing to avoid over-spending.
- Receipts and invoices for all expenditures should be maintained with the organization's financial records.

ESTABLISHING AN OFF-CAMPUS ACCOUNT

Faulkner University has the following requirements regarding the establishment of off-campus checking accounts for student organizations:

- Organizations opening an off-campus bank account must establish an Employer Identification Number (also called a taxpayer identification number) for the organization so that an individual member's SSN is not used on the account.
- Each Faulkner University student organization that has an off-campus checking account must require two signatures on checks; signatures should preferably be one Sponsor or Advisor and the organization's President or Treasurer. It is strongly recommended that all faculty sponsors and advisors of the organization are signers on the account since the officers will often change yearly.
- **IMPORTANT!** Upon establishing an off-campus account, the organization is required to provide the account information to the office of the Vice President for Finance.

Off-campus bank accounts established and maintained by student organizations **may not:**

- Use the University's federal employer identification number (EIN) on the account;
- Place the names "Faulkner" or "Faulkner University" on the account; or
- Deposit funds made payable to, or intended for, Faulkner University into the account

The University has established relationships with several local banks where accounts may be opened with no fees. Check with the office of the Vice President for Finance for a current list of recommended banks.

Maintaining an Organization's Off-Campus Checking Account

- Maintain an updated balance in the checkbook or with a software program (i.e. Quicken) at all times.
- All voided checks should be maintained.
- All checks should contain two signatures - preferably one Sponsor/Advisor and one Officer.
- Checks should not be signed in advance or signed without a remittance name and amount.
- Checks should not be made payable to "cash."
- Checkbook should be kept in a secure location.
- ATM cards and Debit cards are only allowed with sponsor approval.
- President and/or Treasurer should review monthly statement and transactions; organizations should establish procedures to ensure persons making the purchases are not the only individuals who reconcile the bank statement.
- Monthly reconciliations should be performed to ensure account balance is in agreement with bank balance.
- Sponsor/Advisor should review bank statements periodically - at minimum once per semester.
- Original bank statements should be safeguarded and maintained in a secure location.
- Signers will need to be added to/removed from bank accounts each year as new officers are elected. Having at least one sponsor or advisor as a signer on the account can provide some continuity each year.

TAX INFORMATION

Any comments on tax matters contained in this policy are provided merely as a courtesy for the general information purposes of student organizations and are not to be considered personal tax advice given by the University or its employees. *All student organizations should rely upon tax advice provided by their own independent tax advisors.*

Taxpayer Identification Number

Organizations opening an off-campus bank account must file form SS-4 with the IRS to apply for an Employer Identification Number (also called a taxpayer identification number) for the organization so that an individual member's SSN is not used on the account. The SS-4 form has a place for the student organization to designate that they are a registered university student organization (line 8a, under "other"). Information on how to apply for the EIN online is available at www.irs.gov (keyword "EIN") or by calling the IRS at (800) 829-4933.

Tax Exempt Status

Student organizations are not covered under Faulkner University's tax-exempt number. Your organization is not "Tax Exempt" unless you have applied for and been granted that status from the Internal Revenue Service. However, some organizations are treated as tax exempt without being required to file an Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, provided that they are organized and operated appropriately. This includes any organization normally having annual gross receipts of not more than \$5,000.

For further information regarding tax exempt status, contact the IRS at (800) 829-3676 and ask for Publication 557, "Tax-Exempt Status for your Organization." For additional assistance you may call *IRS Tax Exempt and Government Entities Customer Account Services* (toll free) at (877) 829-5500 between 8:00 a.m. and 6:30 p.m.

Annual Tax Reporting

Organizations maintaining off-campus accounts will be required to file an annual return with the IRS.

Organizations with gross receipts less than \$25,000 will be required to file a Form 990N e-postcard. By submitting the electronic notice on Form 990-N, an organization acknowledges that it is not required to file a Form 990 or 990-EZ because its gross receipts are normally less than \$25,000. In order to make this determination, the organization must keep records that enable it to calculate its gross receipts.

An organization is required to provide the following information on Form 990-N:

- the organization's legal name;
- any other names the organization uses;
- the organization's mailing address;
- the organization's Web site address (if applicable);
- the organization's taxpayer identification number (TIN);
- name and address of a principal officer of the organization;
- the organization's tax year;
- a statement that the organization's annual gross receipts are normally \$25,000 or less; and
- if applicable, a statement that the organization has terminated or is terminating (going out of business)

Filers may access the user-friendly filing system to file a Form 990-N at www.irs.gov/efo or by going directly to the filing system Web site at <http://epostcard.form990.org>.