

CONTRACTS, BANK ACCOUNTS, INSURANCE

Contracts

- Per Board Policy 3300, all contracts must be approved by the Vice President for Administration and Finance.

Bank Accounts

- Appoint several authorized signers for bank account and require two signatures to transact business.
- College employees may not be signatories on student organization bank accounts.
- Establishment of a bank account requires a federal tax ID number. Do not use a College or PSC Foundation tax ID number or an individual's Social Security number.
- The instructions for obtaining a federal tax ID number are attached.
- An organization with annual receipts less than \$50,000 generally does not need to file a tax return; however, the IRS may periodically request updated contact information.
- Student clubs are probably exempt from federal income taxes under Section 501(c)(7) of the Internal Revenue Code. You are not a Section 501(c)(3) public charity, unless you have completed elaborate requirements and have received an IRS letter to that effect.
- Contributions to Section 501(c)(7) organizations are NOT deductible by the donor as charitable contributions.

Insurance

- The College's liability insurance may not cover events and activities sponsored by student organizations.
- The organization should consider purchasing insurance for events and activities that pose a significant risk of injury.
- Inherently dangerous activities, such as bungee jumping and skydiving will require vice presidential approval of insurance arrangements.
- Rental rides and games, such as inflatable bounce houses, will require review of insurance maintained by the rental company.
- Designation of an "additional insured" on an existing policy is usually inexpensive.

Obtaining Federal Tax ID Number for PSC Student Organization

The type of federal tax ID number you need is an Employer Identification Number (EIN). This is true whether or not you have employees. An EIN can be requested and received online at:

<https://sa2.www4.irs.gov/modiein/individual/index.jsp>

Here are instructions for completing each screen:

1st screen: Legal Structure: Click <View Additional Types> and <Continue.>

Click <Other Non-Profit/Tax-Exempt Organizations> and <Continue.>

Click <Continue> on the “Please confirm your selection” screen.

Click <Banking purposes> and <Continue.>

Fill in individual officer information, click <I am a responsible and duly authorized member or officer,> and click <Continue.>

Fill in address. Use 600 Hoyt St. rather than P.O. Box. <Continue.>

Make appropriate entries on “Verify your Physical Location” screen if it appears.

Complete the organization name and other information required. The start date can be the date you are filling in the application.

“Tell us more” screen: Answers to all questions should be “No” for student organizations.

On the list of business categories, click <Other> and <Continue.>

Click <Organization> and <Continue.>

Click <Social or civic> and type “Student Club” into the box. Click <Continue.>

Finish remaining screens in the EIN Assistant.

Print your confirmation and notification letter. The bank will want to see the letter.