

Finances

Over the course of time, your Organized Citizen Group may accumulate money for one reason or another. The group needs a management system in place for dealing with these funds. What kind of bank account should be opened and how do you go about opening an account for your group? Either a person or a corporation can open a bank account. If you are a corporation and you also have nonprofit status, you may be eligible to receive free banking privileges at some banks.

Step One: Obtain a Tax Identification Number

A tax identification number is a federal tax number that is filed with the IRS. The number enables the bank to report the earnings of the association's account to the IRS for tax filing purposes. You get an ID number from the IRS. If you don't have a tax ID number, or feel that it is not necessary, you can open an account with a member's personal Social Security number. Often the secretary will use his/her number. The person whose number is being used is liable for paying taxes on the interest income reported by the bank to the IRS. This means that the money in the account is considered the personal money of the ID holder and taxes must be paid, as it is additional income. Also, if there is ever a lien against the person's assets, those moneys are considered personal property and can be assessed.

Step Two: Obtain Information on Fees and Charges

Research the fees and charges assessed at different banks and credit unions. Some have better programs than others. Banks may waive service charges to organizations that provide a necessary public service. The decision to waive the charge is at the discretion of the individual bank. If you are a nonprofit organization and are eligible for a nonprofit account, there may be no charge for the service the bank is offering. You, however, must take the type of account offered by the bank.

Step Three: Obtain Important Documentation

If you are a nonprofit corporation, you must bring a copy of the Articles of Incorporation, stamped "Filed" by the Colorado Secretary of State, to the bank. If you are not a corporation, bring a copy of your bylaws or the minutes of your first meeting. You must also state the names and titles of people who are authorized to conduct business for the group. Personal identification, such as a driver's license, credit cards or passport, is required to open any type of account.

Step Four: Obtain Signature Cards

Signature cards must be signed by the secretary of your Organized Citizen Group along with anyone else who will be signing on the account. You will then also need a director's signature (an officer of the corporation or a designated director). If you file a copy of your group's bylaws with the bank, it allows greater ease in obtaining new signature cards.

Step Five: Obtain and Adopt Resolution

The bank will provide a card with wording for a resolution authorizing the bank account. The resolution must be adopted by the board of the nonprofit organization or the members of an unincorporated group. If you pay for an account, you can choose any account you feel would meet your needs, even a combination of a couple different accounts.

Types of Accounts

Checking

Any accounts open to individual customers are open to neighborhood groups. The least expensive usually have minimum deposit requirements. Your group should obtain pre-numbered checks. The use of non-numbered checks is

Savings

If you make limited withdrawals, you might be better off with a savings account rather than a checking account. The best arrangement is often a savings account with checking privileges. These, however, usually require a

not an acceptable practice for neighborhood groups.

minimum balance.

There are two things to consider when determining the type of bank account for your Organized Citizen Group:

- How often you will need to withdraw money
- The amount of money you have and whether there is enough to keep a minimum balance in the account or to pay service fees (if any)