

## **Student Organizations**

### **General**

These guidelines apply to student organizations that are utilizing funds generated by the student organization. These guidelines do not apply to student organizations that have been awarded University Funds through University Program and Facility Fees (UPFF) under the auspices of Student Government, funding through Loper Nites, or other funding through a University Department.

### **Financial Transactions**

Student organizations operating on the UNK campus are generally independently organized and self-governing bodies not under University authority and control, which means those organizations MAY NOT use the University's income tax identification or exemption, nor may they use the University's sales tax identification or exemption. During the ongoing activities of these organizations, financial transactions may occur. To facilitate these financial transactions, a student organization may need its own bank account to facilitate the retention, receipt, and disbursement of cash. While UNK may provide general guidelines to student organizations for standard business-type operations, if the organization has specific questions related to legal, contractual and/or tax issues, the organization must independently contact a qualified professional for advice or guidance.

The guidelines noted below should be followed by student organizations to establish bank accounts and to conduct financial transactions:

### **Application for Federal Employer Identification Number**

Prior to opening bank accounts and/or conducting financial transactions, a federal employer identification number (EIN) must be obtained from the IRS. Caution: Organizations should exhaust all efforts to determine that they have not already been issued an EIN by the IRS before applying for a new EIN. For applying for an EIN, see [IRS EIN website](#).

In addition, the issuance of an EIN to a student organization does not automatically give that organization an exemption from income tax reporting or payment liability. The student organization should check with a tax adviser to determine its tax reporting and payment responsibilities and to apply for income tax exemption, if applicable.

### **Recording of Federal Employer Identification Number**

The organization's EIN should be kept in an easily accessible location for ready reference. It is recommended that the issuance of the EIN be recorded in the organization's official minutes. (Note: The University of Nebraska's EIN may not be used as the EIN of record for the organization unless the finances of the organization are accounted for and are subject to audit as a part of the official financial records of the University of Nebraska.)

### **Sales Tax Issues**

As a "subordinate organization" of UNK, a student organization MAY NOT conduct fund raisers, or purchase goods and/or services under the umbrella of the UNK's Nebraska sales tax/sales tax exempt

status. Nebraska sales tax must be collected and remitted to the Nebraska Department of Revenue on any qualified sale of goods or services (including those sold for fund-raising purposes); and sales tax must be paid by the organization to vendors for the purchase of qualified goods and/or services. For more information see the [Nebraska Department of Revenue information guide](#), [The Nebraska Taxation of Nonprofit Organizations](#) or contact the Nebraska Department of Revenue.

### **Opening Bank Accounts**

When opening bank accounts in a student organization's name, the organization's EIN should be provided as the tax identification number for the bank's records. NOTE: If an existing bank account contains the University of Nebraska's EIN, a sponsor's social security number, or an officer's social security number, the bank should be notified, and the records changed to reflect the organization's own EIN. For internal control purposes, the organization should consider requiring two signatures on checks drawn on its checking accounts.

### **Maintaining checking accounts**

Whenever there is a change of officers, care should be taken to notify the bank of the changes in personnel. Necessary changes should be made to the signature cards of the organization's accounts at that time.

### **Internal control**

An organization's bylaws should designate an officer to be the keeper of the checkbook whose responsibility it shall be to account for the funds of the organization and to make regular and accurate bank reconciliations. In addition, regular reports should be made to the organization's body noting key financial transactions and reporting fund balances. Appropriate investigations should be conducted to follow up on items that appear to be unusual or improper.

Extreme care should be taken to avoid mixing University related business revenues with student organization or other outside organization revenues. UNK employees that are responsible for University related business should not handle any aspect of student organization financial transactions.

### **Conducting Raffles/Lotteries**

Student organizations are subject to the rules and regulations set down by the State of Nebraska in conducting raffles or lotteries. Organizations should take care to ensure that they are complying with those rules and regulations when conducting fund-raising projects. For more information, refer to the [Lottery and Raffle Information Guide](#) published by the Nebraska Department of Revenue.

### **Credit Cards**

Student Organizations that accept debit/credit cards for fundraising or other revenue generating activities must comply with the Payment Card Industry Data Security Standards (PCIDSS) <https://www.pcisecuritystandards.org>. The establishment of control measures for payment card transactions is necessary to maintain proper security over cardholder information. The student organization should work closely with the financial institution that processes their payment card transactions (called the acquiring or merchant bank) to understand their responsibilities under the data security standards and their requirement to report PCIDSS compliance to the merchant bank. Losses, penalties, or punitive expenses resulting from non-compliance and/or breach of data will be the student organization's responsibility. Merchant accounts belonging to student organizations are not included in the University's oversight for PCI compliance.

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