



# Banking and Financial Options for a CKI Club



**There are several ways to handle finances for a CKI club. Club leaders and sponsoring Kiwanis Clubs should consider the best option for their own situation.**

- Option 1: CKI Club manages finances through a school account.
  - These are typically accounts held within the student activities office.
  - In this arrangement, clubs should not assume that they have the 501(c)(3) tax exempt status of the institution.
    - If the club does not have the institution's tax-exempt status, they may wish to apply for a Federal Employer Identification Number and join the group exemption of Circle K International to receive 501(c)(4) status, and then (for Texas clubs), apply for state sales tax exemption.
    - Clubs are responsible for annually filing the Form 990.
- Option 2: CKI Club manages finances through a bank/credit union.
  - In this scenario, the club will need a Federal Employer Identification Number to open an account. In doing so, the club should join the group exemption of Circle K International to receive 501(c)(4) status, and then (for Texas clubs), apply for state sales tax exemption.
  - Clubs will be responsible for annually filing Form 990.

**Note for the two scenarios above: failure of the club to file Form 990 for three consecutive years will result in revocation of the club's 501(c)(4) tax exempt status. To re-apply for tax exempt status, the club will be unable to rejoin the Circle K International group exemption. The club will need to apply for 501(c)(4) tax exempt status by completing Form 1024-A and any other required documentation, as well as submission of the Form 8718 User Fee for Exempt Organization Determination Letter Request. (As of January 2018, the user fee is \$600)**

- Option 3: CKI Club's finances are managed by the sponsoring Kiwanis Club
  - The Kiwanis Club would contact their banking/credit union to determine if they are able to set up sub-accounts on the Kiwanis Club's primary account.
  - Recommended Procedure:
    - The sponsoring Kiwanis Club Treasurer and Secretary should be signers on the CKI account along with the CKI President and Secretary, and the account should be styled as **The Kiwanis Club of Anywhere** – the primary account under their TIN#
    - The secondary title should read **Circle K Club** (or CKI depending on space allowance) **at Anywhere University – Administrative Fund**
  - The Kiwanis signers should have online access to the accounts for monitoring purposes and the statements should either be available online or paper statements mailed to the Kiwanis address. We recommend that the Kiwanis signers look at the account online at least weekly and be sure to ask any questions of charges they do not understand.



#### Other Considerations:

It will be important that all signers understand the budget restrictions for the club. Any budget adjustments need to be submitted by the CKI Club to the Kiwanis Club board for approval.

The CKI president, secretary and treasurer should have access as well – the CKI treasurer may be the only one with online access since they are usually the ones who balance the statements.

It is up to the club whether they have debit card access. Debit cards provide convenience, but there may be times when a check is necessary. Regardless, club policy should require that all receipts be submitted to the treasurer to match the statements.

Request that a specific bank officer be assigned to them in case they have questions and can talk to someone they feel comfortable with. Some banks will waive bank fees to a non-profit, others will not. Ask!

The accounts with the CKI subtitles should have no bearing on the Kiwanis Club primary account other than they are all under the same EIN. If there is any suspected fraud, then the bank should be contacted immediately and the suspected fraudulent transactions disputed immediately. If applicable, the suspected card affected should also be cancelled. These are fairly simple processes but **MUST** be followed in a timely manner to recoup any fraudulent charges.

If multiple accounts are under the same EIN and styled the same way, the bank would have the right of offset should an account stay overdrawn for a specified period of time – the bank sets those time limits and is within general banking guidelines. The secondary title has no bearing on these guidelines. So, on the outside chance that a CKI subaccount would be overdrawn and stay that way for the specified period of time, the bank could offset that potential loss to the Kiwanis account. That is why it is important that the accounts are monitored.

When the accounts are opened there is usually a resolution document that the bank attaches to the account that lists the access each signer has. For instance, only signers A, B and C can open other accounts, close accounts, make deposits, etc. but there are no dollar amounts associated with this resolution – it simply tells the bank who can do what with the account.

Some banks will provide the ability to restrict daily limitations on debit cards, such as purchase amounts (standard for business accounts) of \$2,500 and cash withdrawal amounts of \$1,000. In a parent/minor bank account setup, some banks offer the ability to set lower withdrawal limits for minors as long as their parent is the primary account holder. Check with the bank to see if a similar arrangement could be offered on business accounts with sub-accounts.