

FINANCIAL MANAGEMENT OF GSD STUDENT ORGANIZATIONS

Introduction

Many GSD student organizations receive their sole financial support from the Student Forum, which reimburses expenses incurred by individual members of the student group. Refer to GSD Student Forum Student Group Spending Guidelines for more information on awards and reimbursement procedures.

This document is primarily for student organizations that receive revenue other than Student Forum awards (charitable donation gifts, ticket sales, grants from other Harvard departments, etc.). If your organization falls in this category, you must obtain an Employer Identification Number (EIN) and open a bank account with the Harvard University Employees Credit Union (HUECU). If your organization accepts charitable donation gifts, you must also set up and use a Harvard Gift Fund.

Corporate Status

GSD student organizations are unincorporated organizations. Student organizations should not file with the Commonwealth of Massachusetts to be incorporated as a non-profit corporation. This is unnecessary as it is possible for a student organization to engage in activities and conduct financial operations as an unincorporated organization using an EIN (see below).

Tax 501(c)(3) Status

GSD student organizations should not apply to the IRS for 501(c)(3) exemption status. The 501(c)(3) status provides charitable, religious, educational, and/or scientific organizations the ability to accept tax-deductible contributions, as well as an exemption from federal tax. Filing for 501(c)(3) exemption status is strongly discouraged because it is a lengthy procedure which then commits the organization to annual 990 IRS filings. Student groups that wish to accept tax-deductible contributions should instead open a Harvard Gift Fund.

Employer Identification Number (EIN)

Student organizations that need their own bank account are required to get their own Employer Identification Number (EIN). The EIN is a 9-digit number in the format 00-0000000 issued by the Internal Revenue Service (IRS). It is the equivalent of an individual's Social Security Number (SSN), and is used for tax filing, banking, and other purposes.

To apply for an EIN, go to <http://www.irs.gov/businesses/small/article/0,,id=98350,00.html>, Form SS-4. A sample correctly completed form can be obtained from the GSD Finance Office or the Assistant Dean of Student Services. Once you receive this EIN from the electronic process above, your organization can use this EIN number to open a checking account at the HUECU.

Student organizations are not permitted under any circumstances to use Harvard University's EIN.

Opening a Bank Account

Officially recognized GSD student organizations are required to bank with the Harvard University Employees Credit Union (HUECU) located in the arcade of Holyoke Center. HUECU provides:

- Free, electronic statements, along with images of cancelled checks, delivered monthly to your student organization.
- Free, automated 24-hour telephone banking.
- Dual signature checks, which comply with the Office of Student Services requirement that all checks must be signed by two officers of the student organization (ideally the President and Treasurer).

When applying for the account, use the official student organization name and provide the student organization's EIN (see above). Student organizations are also required to bring an official letter from the Office of Student Services verifying that your organization is officially recognized by the Harvard Graduate School of Design. Please arrange this ahead of time with Laura Snowdon, Assistant Dean for Student Services.

Student organizations are required to have two co-signers for each account. Student organizations are not permitted to have ATM cards as this would prevent sufficient accountability by having at least two officers of the organization overseeing all transactions (as is the case with dual signature checks). Similarly, student organizations should not pay their bills online for the same reason. The electronic bill-pay option will be deactivated on all HUECU student organization accounts.

You are strongly discouraged from using an individual's account for banking, or opening a checking account in the student organization's name using an individual's social security number. The financial burden of that account then rests with that individual and they become responsible for claiming any interest accrued on that account for their own taxes. They also become responsible for the account if there is a problem with it.

Managing a Bank Account

Once the bank account is open, the Treasurer has the primary responsibility for writing checks and obtaining a second signature on each check, making deposits, and balancing the checkbook monthly.

Good bill-paying practices include paying bills with checks (not cash), stamping or marking invoices as paid, and keeping copies of paid invoices. Do not sign blank checks, write checks payable to cash, use ATM or debit cards, pay bills twice, pay personal expenses, or bounce checks.

The officers are responsible for changing the co-signers when new officers are voted in.

Harvard Gift Fund

Student organizations that accept or anticipate accepting donations from alumni/ae, private contributors, or corporations should open a Harvard Gift Fund, which is a fund established at Harvard University in the name of the student organization. When a student group opens a Harvard Gift Fund, and deposits contributions directly to this account, the contributions are considered tax-deductible (i.e. the donor may be entitled to a charitable deduction under U.S. tax law). A Harvard Gift Fund needs to be established because GSD student organizations are not 501(c)(3) organizations (see above), and are therefore themselves unable to directly accept tax-deductible gifts. An additional benefit is that the student group can receive Massachusetts sales tax exemption for purchases of goods and services if purchased using funds donated to the Harvard Gift Fund.

To open a Harvard Gift Fund, submit a request in writing to Laura Snowdon, Assistant Dean for Student Services.

Note that the gift fund can only be used to accept contributions and gifts. It is imperative that no goods or services be exchanged for these gifts. No sales income, ticket income, advertising revenue, etc. may be deposited to a Harvard Gift Fund. This income should be deposited to the student organization's checking account.

Soliciting Gifts

This section applies to soliciting donations from individuals (including Harvard alumni/ae) and non-Harvard organizations (corporations, non-profit foundations, etc.). When requesting contributions, include the following language in your solicitation letter: "By making a gift to support the activities of the xyz Student Organization, you will be supporting the educational mission of Harvard University. The

donation will be considered a gift to Harvard for which you may be entitled to a charitable deduction under U.S. tax law.” Checks must be made payable to Harvard University with the student organization’s name in the memo line of the check.

Receiving Gifts

When a check is received, submit it as soon as possible (within one week of receipt) to the GSD Development and Alumni/ae Relations Office for processing. Make sure that the address of the donor is on the check or that there is a letter accompanying each check with the full name and address of the donor. Once the check is processed to your Harvard Gift Fund, the Harvard Recording Secretary’s Office will send a letter to the donor acknowledging the gift. Student organizations are encouraged to thank donors directly in addition to this tax receipt provided by Harvard.

Spending Gifts

To access the funds in the Harvard Gift Fund, the Treasurer (or President) submits a request in writing to the Assistant Dean of Student Services. The Assistant Dean must approve all expenses made with these funds because Harvard has a fiduciary responsibility for the gifts. In the memo or email, include the dollar amount requested and the reason for the request, such as brochure printing or lecturer airfare. Please include supporting documentation such as airline or hotel confirmation (with dates and costs), etc. Once approved, the GSD Finance Office will submit a request for a check to be issued to the student organization. Allow two to three weeks for processing. Laura Snowdon will notify the student organization when the check is ready. Checks can be picked up in Gund 422 and then deposited in the organization’s bank account.

Awards from Harvard Departments

This section applies to funds received from other Harvard schools, departments, or centers (ex: Harvard Univ. Center for the Environment provides a small award to support a conference). Ask for a check to be made payable to the student organization, and deposit it directly to the student organization’s bank account. GSD will not accept funds in the form of an internal journal transfer to a Harvard 33-digit account code. (Note that the solicitation request should not include the gift sentence in previous section.)

Sales Tax on Expenses

Student groups need to pay Massachusetts sales tax on purchases. The only exception is that a student group can receive Massachusetts sales tax exemption for purchases of goods and services if purchased using funds donated to the Harvard Gift Fund.

Purchases from Harvard Departments

If a student group purchases goods or services from a Harvard Department (ex: Crimson Catering provides coffee for a conference), the student group should pay for those services by check. Student groups may not pay expenses in the form of an internal journal transfer to a Harvard 33-digit account code.