

THREE (OR FOUR) EASY STEPS TO OPEN A BANK ACCOUNT FOR YOUR AA HOME GROUP

One of the biggest challenges for AA home groups is maintaining a bank account so that checks can be written to pay for meeting rental space, supplies, and contributions to Central Office, etc. In some cases, a member has been able to get an account open (in their name) for this purpose; when that member moves, passes on, etc., the bank account is usually no longer usable. We had an issue in our home group where our treasurer was moving out of the area. We went to the bank to change the signatures on the account and found that we could not do that since the account was linked to the former treasurer's ID (SSN, etc.).

After some online research, I found a solution to this problem. And it involves three (or four) easy steps. They are:

#1- Obtain an Employer Identification Number (EIN) for the group. This sounds scary but it is easy to do. See below.

#2- Have a group business meeting to designate two or three individuals as authorized signatures on the new account. Document this group decision as business meeting notes and have the secretary sign it.

#3- Take the IRS info (#1) and the business meeting notes (#2) to the bank and open a new account.

#4- Consider applying for non-profit status with the IRS. More on this later.

#1 - How to Obtain an Employer Tax ID (EIN) Number

You could do this by contacting the IRS to request Form SS-4: "Application for Employer Identification Number." Beginning January 6, 2014, the IRS now refers all domestic EIN requests received by phone to the EIN Online Assistant.

BUT, THE BEST WAY is to do this online:

1. Access the IRS Online Assistant by going to www.irs.gov, entering "EIN" in the "Search" box on the upper right of the screen.
2. When the search results come up, under the Employer Identification Number box, click on: "Apply for an Employer Identification Number (EIN) Online."
3. On the next page, scroll below Steps 1, 2, and 3 and click on "APPLY ONLINE NOW".
4. On the next screen, click on the "Begin Application" button.
5. On the next screen, scroll down the list and click on "View Additional Types, Including Tax-Exempt and Governmental Organizations". Click Continue.
6. On the next screen, click on "Community or Volunteer Group". Click Continue.
7. On the next screen, click Continue.
8. This takes you to the "Responsible Party" screen. This requires entry of a group member's name and SSN. This can be any member of the group (does not have to be the treasurer, etc.). After entry of SSN, you have a choice of clicking "I am a member of the group...", or "I am a third party applying". I recommend you choose "I am a member...". Click Continue.
9. On the next screen, enter the address info for the individual. Click continue.
10. On the next screen, enter the name of the group, county, State and month/year group started. The month/year info is not critical info.
11. On the next screen, "Tell us More about the Community or Voluneer Group", click No for each question.
12. On the next screen, "What does your Business or Organization Do?", click OTHER at the bottom.
13. On the next screen, click Other at the bottom and enter "Self Help"
14. On the next screen, "How would You Like to Receive your Confirmation Letter?", click "Receive Letter Online" and Continue
15. The next screen will show you a summary of your entries. If everything is OK, click Submit at the bottom.
16. In a few minutes, you will have access to a PDF document that provides your official IRS EIN number for the group. Print out a copy of this info to take to the bank to open the new checking account.

#2 – Business Meeting

As noted above, have a business meeting, select designated members for signature on the account, document it with a letter and have the secretary sign it.

#3 - Opening a Bank Account

In order for a group to open a bank account as a group entity (not under the name of the treasurer), the bank will usually require at least four things:

- A minimum balance
- A copy of the group minutes of your business meeting that includes the name of your organization
- A list of all officers of the organization and anyone else who may be a cosigner on the account, including some form of ID such as driver's license and Social Security Number on each person. I suggest you have at least two co-signers on the account. So they need to be present at the bank with their ID info.
- A copy of your new IRS EIN statement that shows the Tax ID Number for the organization.

Financial Legalities

Once you get your EIN, you are responsible for all legal and illegal use of the number. Following certain guidelines will help avoid problems:

- Number should not be “loaned” or otherwise used by any other group, or person.
- Maintain accurate records and paper trail. Examples may include minutes of business meetings, any changes in officers, and financial records including receipts.
- If you change your address after you receive your EIN you must notify the IRS of the new address — use Form 8822, “Change of Address.”
- If the group should ever close, the group officers need to cancel their Tax ID Number/EIN with IRS by written notice when the bank account closes.

#4 – Obtaining Tax Exempt Status

Odds are, after completing #1, #2 and #3 above, you can probably operate forever without attracting the attention of the IRS. Especially if you keep a small balance in your bank account.

However, to be 100% legal, it is recommended that you obtain Tax Exempt status for the group. After doing so, you can file an annual notice to the IRS that your income did not warrant the filing of any tax documents. I have not done this step yet, so the info provided here is limited to what I think is required.

To obtain tax exempt status, you need to file a Form 1023-EZ application for recognition. The good news, this can be done online. The bad news – to do so, you have to pay a fee of \$275.

The website to start this process is shown below:

<https://www.pay.gov/public/form/start/62759871>

CONCLUSION – That’s the whole story as I have experienced it; I hope that this info helps you solve this issue for your group. If you have any comments or questions, drop me an email anytime.

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