

**American Medical Student Association****Setting Up Your Chapter's Bank Account!****Subject: AMSA Chapter Level Banking**

**Summary of Item:** AMSA believes it is the power of the members and their local chapter experience that make the daily engagement as a member valuable. The chapters are the lifeblood of the organization and the members within those chapters are the true power of AMSA. Specifically the chapter leaders who give so much of their time and energy to making things happen need the support and encouragement of the National Office. It is our goal to create in this process below, a means by which AMSA chapters are empowered, without opening them up to the risks associated with organizational level financial decisions.

As the nature of chapters evolve, it has become a necessity for local AMSA chapters to have bank accounts associated with the local branch. This is necessary for the chapter to receive and store funds, to pay vendors, and to perform other financial activities without using an individual person's bank account. It has been the policy of AMSA in the past to deny chapters the use of the Employer Identification Number (an identifier used primarily by the IRS that is similar to an organization's Social Security Number) and to simply not allow chapters to have bank accounts associated with the National Office. This is due to the many challenges listed in the concerns section below. However, this policy is not reasonable in the current era, and so AMSA has moved forward with a process by which chapters can work with the National Office to have an account and to be able to manage their funds. This process, as with any interaction with a financial institution, may not be ideal for every chapter, but it does provide a simple and direct method for chapters to set up an account, a means for the National Office to support those chapters, and oversight to reduce the challenges that can occur with chapter level accounts.

## **AMSA Chapter Level Bank Accounts**

**Alternative Solution:** For chapters that do not wish to avail themselves of the process by which AMSA is allowing chapters to create accounts, yet who still wish to have a bank account, **THEY ARE NOT PERMITTED TO USE THE AMSA EIN.** They may apply for and obtain an EIN of their own and set up their own bank account. They are subject to all laws governing EIN use, and should recognize that they are establishing themselves as a separate legal entity. Because of this, they must apply for or waive non-profit status with the IRS, and comply with the submission of form 990's and other tax documents as appropriate. Visit the IRS website for additional information. A chapter that does this must submit a copy of their annual form 990 and a copy of their completed audit to the AMSA National Office every year, or they may be required to remove American Medical Student Association (AMSA) or any derivative name.

**Setting Up Your Chapter's Bank Account:** The AMSA National Office and Board of Trustees has developed a process to allow chapters to be able to obtain a checking account for use in retaining funds and making payments on behalf of the chapter. There are many regulatory and management implications with setting up a bank account, and each chapter should take this step only after thoughtful deliberation. The setting up of a bank account and then closing of such if it is not needed is not a process that can be done ad hoc in perpetuity.

The process while having several requirements is less cumbersome than opening your own account, and is run entirely through the National Office, allowing for a more friendly and accessible level of interaction. A few items of general information:

- These accounts will all be with Bank of America.
- These accounts are actually sub accounts of the AMSA National Office main banking account.
- The administrators of the accounts for the National Office will also automatically be administrators on the chapter accounts.
- As rules and regulations for banking change, AMSA may need to adapt its policies and procedures to comply. An email will be sent to chapters with accounts as policy changes.
- There are two stages to the process: setting up the initial account, and the ongoing annual compliance items.
- AMSA has the full authority and power to suspend, close or otherwise express authority over any chapter level account.

**Step 1:** The first thing the chapter must do is to write a letter requesting that the National Office create an account for them. (A template request is attached.) The request must have a date, be addressed to the Executive Director of the organization, contain the information about the chapter, the school, a list of current officers and faculty advisor with contact info, and signature of the chapter officers and advisor.

**Step 2:** The National Office will review the request specifically to determine if:

- The chapter is chartered with AMSA. Only chartered chapters may have a bank account with the AMSA EIN.
- The chapter is in “good standing” with AMSA. Only chapters in good standing may have a bank account.
- The officers listed are the officers that the organization has on file.
- The chapter has no outstanding debts to the AMSA National Office.

If the chapter meets all of the criteria above, the AMSA National Office will send them a copy of the Bank Account Application letter for the chapter officers to review and sign.

**Step 3:** The chapter reviews and signs and returns the completed Bank Account Application. (Attached for your review.)

**Step 4:** The National Office reviews the application, if accepted, the National Office then sets up the chapter bank account. (This may take 2-3 weeks.) If the application is not accepted it will be returned to the chapter with an explanation of why it is not accepted. (Chapters may address any issues and resubmit at their discretion.)

**Step 5:** The National Office will contact the chapter and arrange a virtual training and walkthrough of the bank account and follow up on any additional items.

**Ongoing:** The National Office will annually review the chapter’s compliance with the required activities related to having the bank account. If the chapter is not maintaining their reporting to the National Office, they may be in danger of having the account closed down.

**CRITICAL NOTE!!!! Each chapter account is required to maintain a minimum balance of \$3,000, otherwise they will be subjected to a monthly fee!!! The AMSA National Office will not pay this fee nor can it be waived by the National Office.**

## **AMSA Chapter Level Bank Accounts**

**Areas of Concern:** While AMSA recognizes and has created a process by which chapters can apply for and obtain their own bank accounts, there are a number of issues that have over the course of decades created problems for many associations over time. Below are some of the areas of concern that are addressed by this system:

1. **Annual Fees:** Most banks charge annual fees for corporate accounts. AMSA has worked with Bank of America to create a solution that removes regular fees with a minimum balance.
2. **Access to a Branch:** While Bank of America is not local to every chapter, it does have one of the largest presences in the United States, Canada and the Caribbean, allowing for most AMSA chapters to be able to access a local chapter when needed.
3. **Virtual Banking:** Bank of America allows for deposits via its phone app, and for online bill pay and other features. This was a concern both for chapters without a branch and for availability of banking instruments at times when students can work on their projects.
4. **Good Standing:** AMSA has a set of minimal requirements for chapters to be in good standing. These are the things that AMSA believes any chapter that is operating effectively should be able to do: send in a list of current officers, attend the annual officer training events, etc. Chapters that cannot meet these minimum standards are not eligible for some benefits of AMSA, including not eligible to establish a bank account via this process.
5. **Keeping Signers Up To Date:** One challenge that regularly occurs with student organizations is the change of account signers. For this reason, the Executive Director of AMSA at the National Office will always be a signer on the account.

**Account Details:** The AMSA chapter bank accounts will be traditional checking accounts. AMSA chapters will receive checks and deposit slips, but will also be able to make deposits remotely by ATM and possibly by phone. There will be a single debit card issued to the chapter. The accounts will have at least three signers from the chapter and the Executive Director will also be a signer on the account.

Sample Chapter Account Application



Date: \_\_\_\_\_

ATTN: To the AMSA National Office

Re: Application for Chapter Bank Account

This letter is to confirm that \_\_\_\_\_ (Chapter Name) of the American Medical Student Association at \_\_\_\_\_ (School Name) is seeking to open a bank account. The chapter seeks to operate under the umbrella of the national organization and not to be a separate entity. The chapter understands the benefits of being part of the national organization and agrees to the following as relates to the bank account:

- The chapter agrees to have the Executive Director listed as a signer on the account with full authorization at all times.
- The chapter will provide a list of current officers immediately upon election, and will maintain an up to date signature card with a local branch of Bank of America.
- The chapter understands that they must maintain a minimum balance in their checking account of \$3,000, or that they will be subject to a fee of \$15 each month.
- The chapter agrees that the funds in the account are explicitly for the use of AMSA and AMSA activities and personal funds will not be kept in the account. In addition, funds from the chapter will not be used for personal activities of any member of the chapter.
- The chapter agrees to maintain financial statements, including but not limited to a budget and a simple income statement and to submit these annually to the National Office.
- The chapter understands that if the chapter loses “good standing” with the National Office, that the bank account and all funds therein may be suspended and withheld from chapter use until “good standing” is reinstated.
- The chapter understands that if the chapter is dissolved for any reason, the funds within shall be remitted to the National Office.
- The chapter agrees to inform all future leaders of the above commitments and that they will comply with these.

The chapter may close the bank account at any time with notification 30 days in advance to the National Office. This notification must include the accounting records to date as well as a copy of the current balance. Also to be included is a statement of how any remaining funds are planned to be dispersed. These funds cannot go to individuals and prior to release must be approved by the Board of Trustees or Executive Director.

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President

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Date

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Vice President

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Date

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Treasurer

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Date