



CHECKING ACCOUNTS AND TAX DONATIONS

***Note--This information is a guide only.
If you are unsure about anything, consult an attorney.***

Note--Many attorneys will work with the Grad Nite organizers on a “pro-bono” (free) basis as a donation to Grad Nite. If possible, find an attorney who has a student in your school. Remember to keep the questions strictly related to Grad Nite and give the attorney and law firm credit for their donation.

CHECKING ACCOUNTS

Your Grad Nite will need a bank checking account. Prior to opening an account, the bank will require an identification number. The number provided to the bank should be the “Employer Identification Number” (EIN) issued by the Federal Internal Revenue Service. This number is also known as a “Taxpayer Identification Number” (TIN).

Note--An individual's Social Security Number (SSN) should *not be* used as the identification number on a Grad Nite checking account.

To Obtain an Employer Identification Number (EIN):

- **PTA SPONSORSHIP**--if the PTA or another organization sponsors your Grad Nite, the EIN should be provided by the sponsoring organization. The EIN number should remain with the Grad Nite account as long as the group is sponsored.
- **INDEPENDENT GRAD NITE**--If your Grad Nite is *not* sponsored by another organization, an Employer Identification Number (EIN) should be obtained from the Internal Revenue Service as follows:

To Obtain an EIN by Phone:

Obtain Form SS-4 by calling 1-800-829-3676.

Fill out Form SS-4 including:

- Name of the organization (true legal name) and Address
 - Reason for Applying
- Organization's starting date and fiscal year
 - Principal activity or service.
- Answer *all* questions--Some will be "N/A" (not applicable).

The IRS can issue an EIN over the phone and request that you write the number on the SS-4 form and then return the completed form to the IRS by mail or fax. You may begin using the number as soon as it is issued over the phone.

To Obtain an EIN by Mail:

Obtain Form SS-4 by calling 1-800-829-3676.

Fill in Form SS-4 and mail it back to the Internal Revenue Service.

The IRS should respond within 6-weeks. If a response does not arrive reapply or call the IRS.



TAXES

**Note--The following information is a guide only. The rules change!!
Check with the IRS or your Tax consultant before taking any action.**

TAX DEDUCTIONS FOR DONORS--

Your Grad Nite Should be a “Nonprofit Charitable” organization...

- **Non-profit** All Grad Nites are “non-profit” organizations (Grad Nites do not make a financial profit). Donations to strictly “nonprofit” organizations are typically not legal deductions on income tax forms.
- **Charitable**--Some Grad Nites also qualify as “Charitable” organizations. Donations to “charitable” organizations are typically legal income tax deductions.

Note--A Grad Nite may be a “charitable” organization if it meets one of the following criteria:

1. A local school PTA sponsors the Grad Nite and the local PTA is designated as a charitable organization.
2. The Grad Nite is an independent non-profit corporation and has obtained a charitable status designation (501(c)(3)) from the Internal Revenue Service (See Appendix F).

GRAD NITE INCOME TAXES

Independent Grad Nites

Independent Grad Nites are typically “nonprofit” and do not have to pay State or Federal income tax. However, income tax forms probably are required to be submitted regardless of the “non-profit” status:

- If the total value of all donations, goods, and services is from \$25,000 to \$100,000, then Federal Tax Form 990EZ (short form) typically should be filed.
- If the total value of all donations, goods, and services exceeds \$100,000, then Federal Tax Form 990 (long form) typically should be filed.

Note--Money and donations from all sources must be combined to determine the total income.

Grad Nites Who Are Sponsored by Another Organization

If your Grad Nite is sponsored by another organization (such as the PTA), you will typically be required to provide all your financial information to the sponsoring organization treasurer. The sponsoring organization will combine your Grad Nite income with their income and file the proper income tax forms.