



# Operations: OBTAINING A BANK ACCOUNT

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You can open a bank account and start doing business as a JGS before the IRS grants you a specific tax status, but you won't receive all of the benefits associated with tax-exemption until you get your IRS approval. (See Operations: Getting IRS Status.)

When you open your bank account, the bank will want to see your incorporation papers and Employer Identification Number (EIN). At this time, you might be asked who the officers are, who the treasurer is, and who will be able to sign checks. Some nonprofits require two signatures on checks, or two signatures on checks over a certain amount, to prevent fraud. It's a good idea to have your treasurer and another member have access to the bank accounts.

The bank will not prevent you from opening your account if you have not yet received your 501(c) approval from the IRS. Ask your bank if it waives fees for nonprofits and what the requirements are.

Here are some basic steps:

- Decide which bank to do business with. Compare several banks in your area using criteria that are important to you, such as the branch hours and the availability of ATMs. Generally, large national banks have the advantage of being available even if you travel or move, while small local banks tend to pride themselves on better service. (NOTE: While I cannot endorse any particular bank, I found [Wells Fargo](#) the easiest bank with which to work for purposes of setting up my JGS.)
- Choose the type of account(s) that you want to open. Bank accounts are offered in 2 basic forms: checking and savings. Checking accounts can be drawn on through a debit card or check, and should be used for everyday spending. Savings accounts, however, are not able to do this. They allow you to accumulate a modest amount of interest on your money. Some checking accounts are free, while others require an annual fee in exchange for additional benefits. Many savings accounts require a minimum balance. Sometimes the banking fees are waived if a minimum balance is kept in the account.
- Visit the bank during its business hours. You will not need to make an appointment to open an account. You can either tell a teller that you want to open an account, or sign the sign-in list (if there is one) and wait to be served. Alternatively, some banks allow you to open an account online.
- Apply for the account and provide your information. There will be an application for opening the account in which you'll need to provide basic information about yourself. In addition, bring a photo ID, proof of residence (a utility bill, for example), and your social security number. Different banks may require different information, but you will need to furnish proof of identity in some form. You may also be asked for organization papers, such as a certificate of incorporation, bylaws, and/or a board resolution authorizing to open an account—just to name some examples. You will also need an initial deposit.
- Familiarize yourself with the terms of the account agreement. Read carefully over the paperwork regarding the account before signing. Make sure you understand the account policies, including fees charged for bounced checks, fees for transferring money between accounts, and interest rates on savings accounts. If you have any questions, ask them before signing.
- Most banks will give you about 10 counter checks to use right away. If you ordered a checkbook or a debit card, wait for them in the mail. Activate the debit card according to the mailed instructions if applicable.

Once the account is established, it's likely you will turn over responsibility to your JGS treasurer. It's not a good idea for the president of the organization to have sole control of the checkbook—for a number of reasons: it can create the appearance of impropriety and the president should be managing other issues. But the president should periodically review the bank accounts as well as ask the treasurer to report the health of those accounts to the group at large.