



New Jersey 4-H *Head + Heart + Hands + Health* Leader Training Series



4-H Club Treasuries

Obtaining a 4-H Club Treasury

A 4-H club or group treasury is both a privilege and a responsibility. Funds may be raised from club dues, fundraisers, and other sources. It is critical that all local, state, and federal tax regulations be followed. Refer to the *4-H Charter Policy* and the *Treasuries and Fundraising of 4-H Clubs and 4-H Affiliated Groups Policy*.

National 4-H Headquarters requires a 4-H Charter for any 4-H entity to: 1) use the 4-H Name and Emblem, and 2) be included under the National 4-H Group Exemption Number. Only the Director of Extension and the State 4-H Office can issue a charter and obtain federal tax exempt status. A "4-H entity" is defined as any 4-H club or group (advisory council/association). A 4-H Club or Group Charter Application is submitted through the County 4-H Office.

A Chartered 4-H Club or Affiliated 4-H Organization is eligible to apply for federal tax exempt status under the National 4-H Group Exemption Number (GEN) 2704 through the County 4-H Office. As a first step the Chartered 4-H Club or group must apply for an EIN (Employee Identification Number) by completing an SS-4 form with assistance from the County 4-H Office. Once a 4-H club or group receives the EIN, the County 4-H Office forwards this information to the State 4-H Office who then submits it to National 4-H Headquarters. National 4-H Headquarters certifies (through the IRS) the club to be included under the 4-H GEN (federal tax exempt status). The 4-H club or group will receive a Certification Letter directly from National 4-H Headquarters authorizing the club to receive tax deductible donations and grants from private and corporate donors under the 4-H nonprofit status.

Tax Exempt Status – What you can and cannot do under the 4-H GEN

Federal 4-H Tax Exempt Status authorizes a 4-H club or group to receive tax deductible donations and grants from private and corporate donors (as applicable under the IRS code). A 4-H group is exempt from paying federal income tax on funds raised on behalf of 4-H. This tax exempt status DOES NOT exempt your group from any state or local taxes, such as hotel tax, property tax, sales tax, personal income tax, or other taxes. This policy reflects 2008 IRS regulations regarding National 4-H Group Exemption Number (GEN). Subsequent changes or additions to IRS regulations will supercede these policy statements.

New Jersey tax regulations are different. Refer to the New Jersey Charitable Registration and Investigation Act for details. In order to be exempt from paying NJ sales tax, 4-H clubs complete requirements for the ST-5 Exempt Organization Certificate.

Purpose of the Club Treasury

A 4-H club should be concerned with money only to the extent that it is needed to provide supplies or cover expenses to meet the goals set by club members under the guidance of the leader. A club should not raise money just for the sake of raising money. Funds should be targeted for a specific goal and expended in the same 4-H year unless the club is saving for a long-term goal. The Annual Financial Review presented to the County 4-H Office should indicate a minimal balance remaining in the club bank account unless funds are being saved for a long term goal clearly described in the review.

All money raised by or donated to a club becomes the property of that club and not any individual in the club. All property of the club should be included in a written inventory and kept with the treasurer's permanent written records.



How 4-H Clubs are Authorized to Raise Funds

No membership fees are required to join 4-H. However, clubs may decide to collect dues from members on a regular basis. Collecting club dues is optional and is decided by each club's membership. Members of the club should vote on the amount and how often dues are to be collected. A club may also decide to charge fees for a special activity. Any fees charged for a 4-H program or activity should only be used to cover or defray expenses for that specific program.

Annual Club Financial Plans

At the beginning of each 4-H year, the club needs to develop a financial plan. This means that the club discusses what activities will require funds and how much will be required for each activity. The club should also discuss how those funds should be raised. The club members should vote to approve the financial plan. After the decision is made, the *4-H Club Financial Plan Form* should be completed and submitted to the 4-H office. Adult guidance is essential and parental support is always helpful.

Planning Fundraising Efforts for the Year

See the information sheet, *Guidelines for 4-H Fundraising*. In general, funds must be raised for specific purposes. Fundraising just to have a big treasury is inappropriate and inconsistent with the *Treasuries and Fundraising of 4-H Clubs and 4-H Affiliated Groups Policy*.

Role of Treasurer

While the adult leaders are held accountable for all funds collected and expended, they should guide, supervise, and direct youth members in the responsibility of the office of treasurer. Funds shall be collected by the elected club treasurer. 4-H Cloverbud members are not eligible to serve as officers. Responsibilities for maintaining the club bank account belong to the treasurer, depending on the age and abilities of that member. This includes making monthly deposits of any cash or checks on hand and monthly reconciliation of any bank account statements. The treasurer shall keep written records of the treasury and submit a detailed report (including any income and expenses) at each meeting. The *New Jersey 4-H Club Treasurer's Record Book* should be used as an official record of the 4-H club treasury.

Club Bank Accounts

Any money owned by the club should be kept in a bank account, established under the club or group name and its EIN. Personal social security numbers are not required and should not be used on bank accounts. At least two signatures are required on the account. Ideally it should be the club treasurer and a club leader. If the bank does not accept a signature of a minor, the second signature should be that of co-leader or parent. Under no circumstance should the two signatures be from the same family.

Annual Review of Treasury

Each club or group with a treasury must submit a completed *Annual Financial Review* (see *Treasurer's Record Book*) to the County 4-H Office by March 1st of each year. The treasury records and the bank account records must be 'reviewed' by a committee made up of at least two individuals NOT affiliated with the club.



Tax Liability

Every 4-H organization with an EIN is required to file an Electronic Notice Form 990-N (ePostcard) with the IRS regardless if earnings are \$0 to \$25,000. Groups grossing more than \$25,000 are required to file Form 990. This annual electronic filing notice is the responsibility of the 4-H club leader and is due by May 15th of each year. It is strongly encouraged that County 4-H faculty/staff remind and assist 4-H groups in filing the 990 or the 990-N.

Failure to comply with this requirement is unlawful and can result in prosecution or fines as well as losing the 4-H Club Charter, loss of tax exempt status and the associated privilege of raising funds and having a bank account in the name of 4-H. Each year, National 4-H Headquarters will receive a list from the IRS containing all 4-H groups that filed. This list will be shared with the counties to verify accuracy.

If Your Club Disbands

If your club disbands, the leader must immediately notify the county 4-H staff. All assets shall be assigned to the county 4-H program through the appropriate county 4-H advisory group, designated by the club and approved by county 4-H staff. Under no circumstances are 4-H funds or property transferred, divided, or distributed among individual members, parents, or adult leaders. This should be appropriately described in the club or group by-laws.

Revised by Gloria Kraft and Ginny Powell.

Adapted from original titles:

4-H Club Treasuries by Ginny Powell

Fund Raising and 4-H Club Treasuries by Keith G. Diem

Important Information on 4-H Treasuries by T.C. Buchanan

References

Official references for clubs and other groups involved in fund raising include:

New Jersey 4-H Policies - nj4h.rutgers.edu/policies

National 4-H Headquarters Policies and Regulations - national4-hheadquarters.gov/library/4h_polregs.htm#factsheets



 *Did You Know...* 

National 4-H Headquarters—USDA is located within the National Institute of Food and Agriculture (NIFA) and has responsibility for granting authorization of the use of the 4-H name and emblem.

For more information on New Jersey 4-H, please visit www.nj4h.rutgers.edu.

Cooperating Agencies: Rutgers, The State University of New Jersey, U.S. Department of Agriculture, and County Boards of Chosen Freeholders. Rutgers Cooperative Extension, a unit of the Rutgers New Jersey Agricultural Experiment Station, is an equal opportunity program provider and employer.