



TREASURIES AND FUNDRAISING OF 4-H CLUBS AND 4-H AFFILIATED GROUPS

NOTE: IN TRANSITION from NATIONAL 4-H GEN to RU 4-H GEN

TRANSITION NOTE (July 2011): The National 4-H Group Exemption Number (GEN) is being discontinued. We are in the process of transitioning to a Rutgers, The State University-New Jersey 4-H Organizations GEN. This new RU 4-H GEN will be in effect once we have IRS approval. At that time, our financial fiscal year will change to July-June and our IRS reporting deadline will be November 15, with the annual review due to the office by August 1. 4-H Clubs and Affiliated Groups will see no other change in how they receive their tax exempt status or how they receive a 4-H Charter.

Obtaining a 4-H Club Treasury

A 4-H club or affiliated 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.

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 Rutgers, The State University-New Jersey 4-H Organizations 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 Chartered 4-H Club or Affiliated 4-H Organization is eligible to apply for federal tax exempt status under the (*in transition*) Rutgers, The State University-New Jersey 4-H Organizations Group Exemption Number (RU 4-H GEN) 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 their EIN, the county 4-H office forwards this information to the State 4-H Office (Rutgers University) who will certify through the IRS that the 4-H club be included under the RU 4-H GEN (federal tax exempt status). The 4-H club or group may request a Certification Letter authorizing the club to receive tax deductible donations and grants from private and corporate donors under the 4-H nonprofit status. (**NOTE: In transition, certification letters are issued by National 4-H Headquarters.**)

This policy reflects the 2008 IRS regulations regarding the National 4-H Group Exemption Number (GEN). Subsequent changes or additions to IRS regulations supersede these policy statements.

As part of the IRS annual reporting requirements, the State 4-H Office/Rutgers University must certify the chartered 4-H groups registered to use the RU 4-H GEN. This updated listing of 4-H groups and their EIN's is provided annually to the IRS.

Tax Liability

All 4-H organizations with an EIN are now required to file an Electronic Notice Form 990-N (ePostcard) with the IRS regardless if earnings are \$0 to \$50,000. Groups grossing more than \$50,000 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 15 of each year (**November 15 after the transition**). Failure to comply with this requirement may result in the loss of tax exempt status and the associated privilege of raising funds and having a bank account in the name of 4-H.

Treasuries

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. The treasurer shall keep written records of the treasury and submit a report at each meeting. The adult leader and the treasurer are responsible to submit the Annual Financial Review as noted below. 4-H Cloverbud (grades k-3) members are not eligible to serve as officers.

New Jersey 4-H Club Treasurer's Record Book Publication #4-H259: This NJ 4-H publication is to be used as an official record of the 4-H club treasury. This includes developing an Annual Club Financial Plan (budget), preparing an Annual Financial Review (audit), and submitting a Fundraising Worksheet (for club/county/state fundraisers).

Bank Account: 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: 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 1 of each year (**August 1 after the transition**). 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. In addition, each club and group must comply with the IRS filing requirements (e-file by May 15 of each year (**November 15 after the transition**), as well as the NJ Charitable Registration requirements, if applicable.

Club/Groups Disbanding: 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.

Fundraising

Collection of funds of any kind in the name of a 4-H Club or group should be for the specific purpose of supporting a project or planned activity. All fundraising activities must be in accordance with the mission of 4-H and reflect a positive image. In addition, the adult leaders in charge of 4-H clubs or groups will be held accountable for all fundraising under the supervision of county 4-H staff.

Raising Funds for a Specific Goal: Fundraising will be done only to meet a specific 4-H club or program goal (i.e., purchasing supplies for a club project; funding a community service project; sponsoring members to attend an educational conference or 4-H camp). Money raised during the

course of a 4-H year will be spent that same year, unless a long-term goal with a specific timeline is stated. Raising money should not be the club's primary activity and is not a requirement for club success.

Informing County 4-H Office: 4-H clubs must submit a Fundraising Worksheet to inform the county 4-H office of fundraising plans in advance to avoid conflict with other 4-H fundraising efforts and program goals. If the 4-H staff determines there is a conflict with other efforts or program goals, or is not informed of the fundraising plans, he or she may choose to deny support or permission for the fund-raiser.

Meeting Legal Requirements: Fundraising activities must meet legal requirements within the local municipality, county and state. The adult leader should contact the appropriate municipality to ensure compliance with local jurisdiction prior to any fundraising planning and must be able to produce documentation (i.e., permit) when requested.

Safety Factors: Door-to-door solicitation of funds is not permitted. Adult leaders should consider the personal safety of all youth when planning fundraisers. Precautions should be taken when needed.

Clubs Dues. Only the chartered clubs that have an EIN are eligible to collect dues, establish a bank account, and set up a club treasury.

References. Official references for clubs and other groups involved in fundraising include:
New Jersey 4-H Leader Training Series - <http://www.nj4h.rutgers.edu/volunteering/lts/>
National 4-H Headquarters Policies and Regulations - http://www.national4-hheadquarters.gov/library/4h_polregs.htm#factsheets