

NJ 4-H Leader Training Series (Fact Sheet)
4-H CLUB & AFFILIATED (Advisory) GROUP TREASURIES

How to Obtain a Treasury for a Chartered 4-H Club or 4-H Affiliated Group:

A 4-H club or affiliated group treasury is a privilege and a responsibility. Under NJ 4-H policy requirements, the treasury and bank account must be authorized as noted below. Once the official club bank account has been established, funds may be raised from club dues, fundraisers, and other sources. It is mandatory that all local, state, and federal tax regulations be followed.

All chartered 4-H clubs and affiliated 4-H groups are eligible to apply for federal tax exempt status under Rutgers, The State University-New Jersey 4-H Group Exemption Number (RU 4-H GEN). As a first step the 4-H club or group leader(s) must apply for an EIN (Employee Identification Number) by completing an SS-4 form with assistance from the county 4-H office staff. Once a 4-H club or group receives the EIN, the county 4-H staff must keep a record of the EIN and also send it to the NJ 4-H Office where the Internal Revenue Service (IRS) record is certified and updated annually.

Tax Exempt Status – What you can and cannot do

Federal 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 club or group is exempt from paying federal income tax on funds raised in behalf of 4-H. This tax exempt status DOES NOT include exemption from any state or local taxes, such as hotel tax, property tax, sales tax, personal income tax or other taxes. For NJ state tax exemption, consult the county 4-H staff to apply for ST-5 state tax exempt status.

Tax Liability

Every 4-H club with an EIN is required to file an Electronic Notice Form 990-N (e-Postcard) with the IRS regardless if earnings are \$0 to \$50,000. Groups grossing more than \$50,000 are required to file Form 990. Your county 4-H staff will provide instruction related to filing. Failure to comply with this November 15 filing requirement is unlawful and can result in prosecution or fines. NJ 4-H may rescind the official charter of any club or affiliated group that fails to comply with the IRS filing requirement and/or 4-H policy. This would mean that such club or group will lose their privilege and must discontinue use of the 4-H name and emblem and their claim to be a 4-H club or group.

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(s). 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* must be presented to the county 4-H office by November 1 each year and should indicate a minimal balance remaining in the club bank account. If significant funds are held over for the next year, the long term goal should be described in the *Annual Financial 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. As outlined in the dissolution clause in the club's bylaws, any property or money remaining in the club treasury at the time the club disbands, must be submitted to the county 4-H office through a designated affiliated (advisory) group approved by county 4-H staff.

Club Dues/Program Fees

Membership fees may be required to join a county 4-H club. Club leaders and members may decide to collect dues 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 collect fees for a special activity. Any fees collected 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 must develop a financial plan. This means that the club decides which 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 vote to approve the financial plan. After the decision is made, the *4-H Club Financial Plan Form* in the Treasurer's Record Book should be completed and submitted to the 4-H office.

Planning Fundraising Efforts for the Year

See the fact sheet, *Guidelines for 4-H Fundraising*. A club or group should raise funds only when needed for a specific purpose decided by the members. Fundraising just to increase the treasury is inappropriate and inconsistent with NJ 4-H 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. Responsibility for maintaining the club bank account record belongs to the treasurer, depending on the age and abilities of that member. This includes preparing monthly deposits of any cash or checks on hand and reconciling bank statements with club account records. 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 name and EIN. At least two signatures are required on the account, for example, the two appointed leaders of the 4-H club or two of the elected officers of the 4-H affiliated group. 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 31** of each year. This review requires that the club treasury records and the bank account records be reviewed by a committee made up of at least two individuals NOT affiliated with the club. Signatures of reviewers are required on the form.

If Your Club Disbands

If your club disbands, the leader(s) 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 affiliated (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.

Reference: Leader Training Series <http://nj4h.rutgers.edu/volunteering/lts/>

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