



4-H Financial Reporting Guidelines

Section 4: Money Matters

A 4-H club, like any other organization has expenses and income (from dues and/or fundraising). The procedures used to record the flow of money, pay bills and account for ways in which club funds are used, provide 4-H club treasurers with valuable experience in fiscal management. Discussing required financial procedures with the whole club and enforcing them is one way of teaching youth about the importance of money management for both groups and individuals. Tool L-17, 4-H Club \$\$\$\$ Checklist will help you keep track of the club's money matters through the year.

Because a 4-H club is an official entity of Cornell Cooperative Extension it must operate within the fiscal parameters set by the CCE system. As a tax-supported organization Cornell Cooperative Extension must ensure that all monies raised or collected by groups under its auspices are used for appropriate purposes and are accounted for properly. *The financial procedures that must be followed by all 4-H clubs are detailed on pages 4-2 to 4-5.*

The 4-H Club Treasury

A 4-H club treasury is intended to support the planned projects and educational activities of the club's members. Most clubs collect dues (the amount being decided by the members with input from parents and leaders) at regularly scheduled business meetings. Some "jump-start" the treasury by collecting a larger amount at the beginning of the club year.

Other possible sources of revenue include:

- Countywide 4-H fundraisers - Some counties return a percentage of the money earned back to the club.
- Parade floats - Some fair associations pay premiums to groups that create floats for the fair parade. But, if your aim is to raise funds for your treasury, be careful that your expenses don't out-weight the premium!
- Club fundraisers - Clubs must receive written approval from the 4-H office before conducting any type of fundraiser. Fund raising should not be a major goal of the 4-H group, but should be limited to meeting short-term needs.

Any funds raised in the name of 4-H are, in fact, property of the county Cornell Cooperative Extension Association. In case a club dissolves or becomes inactive, the money in the club's treasury should be returned to the 4-H office. Most counties have established a policy for the use of such funds or the club may be asked to recommend alternative uses.

Read the next 4 pages carefully for detailed information about procedures your club must follow to handle its money matters responsibly. Information about officer responsibilities, bank accounts, required financial reporting, and fundraising is included.

Financial Procedures for 4-H Clubs

Responsibilities

The club, when organized, must agree to:

- maintain records of contributions received and financial transactions;
- submit a report of its programs, events, etc. to the extension educator on an annual basis;
- submit a financial statement, including all financial transactions, to the extension association at least annually (see Tool L-18); 4-H Club Financial Statement
- apply for its own tax identification number if the club maintains a bank account.

Note: A tax identification number is *not the same* as a sales tax exemption number. 4-H clubs **cannot** use the Cornell Cooperative Extension Association's sales tax exemption form to purchase supplies or resale items. If a club is assuming leadership for a project or program for the extension association, it may be possible to purchase the needed supplies through the association; check with the Extension Educator.

Club Records

1. The club-elected **secretary** will keep accurate minutes of each business meeting including the treasurer's report. The secretary will also read the minutes of the previous meeting for approval. The elected **treasurer** will report the amount of money collected, the amount of bills paid since the last meeting and the current balance.
2. A **volunteer leader** of the club will ensure that the treasurer understands his/her duties, as described in the treasurer's record book and this document.

Safe-guarding Funds

1. It is recommended that each club have a checking account in which to deposit all cash or checks received from club sales, collection of cash from club members for activities, or donations made to the club.

If your 4-H club plans to maintain a bank account, it must apply for a **federal employer identification number** by submitting an SS-4 form and other applicable organizational material to the IRS. The form and instructions can be obtained from your local Social Security office, by calling the IRS Forms 800 number in the phone book, or from the IRS web site <http://www.irs.ustreas.gov/>. (Some county 4-H offices keep a supply of these forms on hand.) A copy of the letter to the Extension Program Leader requesting approval to form a club, and a copy of the reply from the program leader recognizing the group as a sanctioned club, should accompany the application.

A club may use **only its own** federal employer identification number to establish a bank account. A club **cannot** use the Cornell Cooperative Extension Association's federal employer identification number; **individual social security numbers must never be used for a club bank account.**

The club is responsible for filing an annual tax form (IRS Form 990) if the group has annual gross receipts over \$25,000.

NOTE: 4-H clubs are required to submit an annual financial statement to the local Cornell Cooperative Extension Association regardless of the amount of gross receipts.

a. If a checking account does exist, the volunteer leader is to ensure that:

- deposits are made in a timely manner;
- another club member, not the treasurer, is elected to reconcile the monthly bank statements with the treasurer's book;
- all payments of bills made by the club or group are to be made by check, and with supporting documentation (bills, statements, packing slips, etc.). All bills are canceled (marked "paid" and dated) as they are paid;
- another club member, not the treasurer, is elected to be the check signer. The member authorized as the check signer reviews the supporting documentation for each check.

b. If a checking account does not exist, the volunteer leader is to ensure:

- another club member, not the treasurer, is elected to reconcile the cash, receipts, and bills with the treasurer's book on a monthly basis;
- cash is adequately secured and safeguarded;
- all payments of bills made by the club are to be made with supporting documentation (bills, statements, packing slips, etc.). All bills are canceled (marked "paid" and dated) as they are paid.

2. It is **not** recommended that a club open a savings account or other interest bearing account. Fees may be applied and the club would be subject to a lot more record keeping and paperwork. If your club handles large amounts of money and would really benefit from an interest bearing account, discuss the requirements and options with a 4-H staff member before approaching a bank.
3. Every club handling funds should use an audit committee to examine and verify the accounts of the club at the end of the 4-H year and, if applicable, to review all tax filings (current IRS regulations require a filing if gross revenues exceed \$25,000 for the year). The chairman of the committee should make a report to the club and file a written statement (See Tool L-19, 4-H Club Audit Report) with the elected secretary that becomes a permanent record in the club's minutes. An audit committee prevents misunderstandings and protects the outgoing and incoming treasurers of the club. Such a committee is usually appointed by the president of the club at the time the books are to be audited.

Fundraising

1. Prior to beginning a fund raising activity, the club needs to ensure that it will be in the best interest of the club and must receive permission from the appropriate Extension Educator to raise funds in the name of 4-H. The required request form must be submitted to the Cornell Cooperative Extension 4-H office at least 30 days before the proposed fund raising date. (See Tool L-20; Fundraising Guidelines for 4-H Clubs and Request for Permission to Raise Funds in the name of 4-H.)

Fund raising activities may be conducted on an individual club basis or in conjunction with other local clubs.

2. Use the following cash control procedures when your club collects cash or checks:
 - **Door-to-door sales** - As the club member receives cash for a sale, a sales summary form must be completed. All cash and a copy of the sales summary form are to be given to the chairperson responsible. (*Reminder:* Cloverbud members are prohibited from participating in door-to-door sales.)
 - **Fair Booth** - Cash collected should be under the control of two people whenever possible, particularly when it is not practical to issue receipts. For example, at the end of each day, cash taken in at a fair booth should be counted by two people and a cash summary sheet should be prepared (see Tool L-21; Sample: Cash Summary Form for 4-H Sales). Use of a cash register is advised.

NOTE: Sales tax need not be collected on sales made door to door; however, sales tax must be collected if a table or booth is set up at a shop, store, or at a fair. Discuss required procedures and paperwork with a 4-H staff member before finalizing plans for your sale. (See Tool L- 22, Facts 4-H Clubs Need to Know about New York State Sales Tax)

3. On a timely basis, all cash and checks received from the club's sales or fair booths must be deposited in the bank. Your county Cornell Cooperative Extension Association will specify one of the following methods:
 - a. deposit to the Cornell Cooperative Extension Association bank account and give a copy of the deposit slip and sales or cash summary sheet to the association bookkeeper;
 - b. give to the association, along with the cash or sales summary sheet, for deposit into the association's bank account,
 - c. deposit to the club's bank account and give a copy of the deposit slip to the treasurer.

Club Balance

A club should not carry a balance exceeding \$500 into the new fiscal year. If a club has a balance in excess of \$500 at year-end the financial activities of the club must be included in the Cornell Cooperative Extension Association's accounting records for proper safeguarding of funds and financial reporting.

If, however, the club expects to utilize the funds for specific programs or activities in the next year, a request to carry the balance over to the next fiscal year should be submitted to the appropriate Extension Educator. This request should include a list of the planned events for which these funds will be used. The Extension Educator will review the status of the club with the Executive Director to determine if the funds should remain with the club or be included in the association's accounting records.

If the decision is made that the funds must be included in the association's accounting records for proper safeguarding and financial reporting, ***the funds must be transferred to the extension association.*** The funds must be clearly identified in the accounting records as belonging to the specific club. Funds can be returned to the club upon a letter of request documenting planned use of the funds and with the approval of the Executive Director and Extension Educator.

Payment for Personal Services Rendered

Clubs must consult with their local Cornell Cooperative Extension Association if they wish to pay anyone for personal services.

Members and leaders can be reimbursed for expenses (supplies, snacks, etc.) agreed to by the club.

Non-cash donations to 4-H clubs should be acknowledged in writing to the donor. A copy of the acknowledgement must be kept in the 4-H club's treasurer records. Non-consumable donations such as equipment or animals should only be accepted if the 4-H club is prepared to accept the responsibilities of ownership including care, maintenance, and insurance. Written acknowledgment should be sent to the donor; a copy must be kept in the 4-H club treasurer's records.

4-H clubs should not feel compelled to accept non-cash gifts. Your 4-H Office should be contacted whenever the 4-H club has questions about the appropriate action with respect to accepting and managing any donation.

Disbandment of Club

When a 4-H club disbands, all assets (including equipment, property, bank accounts, etc.) must be submitted to the local Cornell Cooperative Extension Association. If the local extension association does not have a policy that any treasury money received from disbanded clubs be used to support specific programs, the members of the club may wish to recommend a specific use for the funds.

4-H Club \$\$\$\$\$ Checklist

At the beginning of the club year...

- ✓ Elect a Treasurer
- ✓ Appoint an Adult Advisor to the Treasurer
- ✓ Review Treasurer's responsibilities
- ✓ Review the Financial Procedures for 4-H Clubs
- ✓ Estimate expenses and determine whether a fundraiser will be needed. Please plan ahead!

During the club year...

- ✓ Keep track of all income and expenses.
- ✓ Keep any money in a safe and secure place.
- ✓ Give a treasurer's report at each business meeting.
- ✓ Reconcile the cash, receipts and bills with the treasurer's book monthly.
- ✓ If fundraising activities are planned, apply for permission to raise funds in the name of 4-H at least 30 days before the event or sale kick-off date.
- ✓ If fundraising activity requires collection of sales tax, register with the New York State Tax Department. (See Tool L-22)
- ✓ If applicable, file quarterly sales tax report and make payments before deadline.

At the end of the club year...

- ✓ Verify that cash, accounts and records agree (AUDIT).
- ✓ File audit report with 4-H club minutes.
- ✓ Send Financial Statement to the Cornell Cooperative Extension 4-H Office.

4-H Club Financial Statement

for year ending September 30, _____

Club Name _____ Organizational Leader _____

Income for Year:

Dues paid by members _____

Fund Raisers (List each individually)

Total Income (1) _____

Expenses:

Activity and Program Expenses
(Trips, crafts, parties, etc.) _____

Fund Raising Expenses
(Cost to purchase/produce items to sell) _____

Other Expenses _____

Total Expenses (2) _____

Difference between income (line 1) and expenses (line2) (3) _____

Cash on hand - *beginning of year* (bank balances plus cash not deposited) (4) _____

Cash on hand - *end of year*: Add or subtract lines 3 and 4 -
(If line 1 is more than line 2 add; if line 2 is more than line 1 subtract.) Balance _____

Balance must equal cash in bank account(s) plus cash not deposited in bank account(s).

Signed by club Treasurer _____ Date _____

Signed by Organizational Leader _____ Date _____

The financial statements have been received and approved and, where applicable, the following actions have been authorized:

_____ Approval to carry over balance into new year.

_____ Club must transfer funds to the Cornell Cooperative Extension Assoc.

Executive Director _____ Date _____

Extension Educator _____ Date _____

4-H Club Audit Report

Report Period (dates) _____ to _____ <div style="text-align: center; margin-top: 10px;">Date of Audit _____</div>
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Club Name _____

Treasurer _____ Adult Advisor _____

Auditors' statement:

We certify that we have compared the treasurer's record book, cash and bank account records and find them to be in agreement.

The beginning balance was: _____ The ending balance is: _____

Adjustments made were: (Explain) _____

Audit Committee:

Name (Print)

Signature

Please submit to your 4- H Office by October 15 to cover the previous 4-H year or the period that the named Treasurer was in office. Attach a 4-H Club Financial Statement for the same period.

Fundraising Guidelines for 4-H Clubs

The way in which a 4-H club earns money to carry out its program is of great importance. The methods we choose can either reinforce or undermine the basic values we strive to instill in youth.

Whenever your club is planning a fund raising activity, this checklist should serve as your guide. It will be helpful to you as you fill out the required form: "Request for Permission to Raise Funds in the name 4-H".

NOTE: *Raffles and other games of chance* are legal methods of raising funds for non-profits in New York. Cornell Cooperative Extension Association advisory committees will determine whether these fund raising methods can be used locally. If used, New York State regulations governing raffles and other games of chance must be followed. *Cornell University discourages these fund raising methods* since the funds received do not demonstrate contributions to the extension club or group and are not considered to be an appropriate fund-raising mechanism for youth.

1. Have the 4-H'ers, parents, and leaders in your club approved your fund raising activity, including the dates and methods to be used?
2. Has your club discussed the expected profit versus the expenses of your fund raising activity? Have you discussed the hidden expenses: time, mileage, etc.?
3. Has your club discussed an alternate plan if your projected profit is not realized?
4. Does your fund raising plan and the dates avoid competition with other money-raising efforts in your community?
5. Will your fund raising activity protect the name and good will of 4-H and prevent it from being capitalized on by promoters of shows, benefits, or sales campaigns?
6. If any contracts are to be signed by your club, will they be signed by an individual without reference to Cornell Cooperative Extension of _____ County 4-H Program and in no way appear to bind the County, State, or National 4-H Programs?
7. Have you checked to make sure that the fund raising venture you are planning to participate in is legitimate and worthy?
8. Even when sales are confined to parents and friends, will they get their money's worth from any product they purchase, function they attend, or services they receive from your club?
9. If youth in your club are under nine (9) years of age, have you selected fund raising activities that are appropriate to this age group and are parents supportive and willing to participate?

If your club has reviewed and considered the nine guidelines above and made a decision to pursue your fund raising venture, please complete the "Request for Permission to Raise Funds in the Name of 4-H" and send it to your county Cornell Cooperative Extension 4-H office. Approval must be confirmed before the fund raising effort starts.

Request for Permission to Raise Funds in the Name of 4-H

Submit to the Cornell Cooperative Extension 4-H office at least 30 days prior to the proposed fund-raising date.

The _____ 4-H Club requests permission to contract with
 _____ for resale to raise money for: _____
 (name of company)

 (purpose for raising money)

Items to be sold: _____

Anticipated amount to be raised: \$ _____

Current balance in treasury: \$ _____

The proposed sale would take place from: _____ to _____

Location of sale: _____

We have planned these dates so they will not coincide with (nor detract from) a county-wide 4-H fund-raising effort.

Proposed printed materials to be distributed in connection with the sale are to be attached to this request form.

The current New York State sales tax _____% will be indicated to the consumer and collected on the retail price of each item sold.

Note: Sales tax must be collected on items sold at a shop, store, or booth, but not door to door.

Your signature below signifies that you have read and understand the guidelines attached and the above information is correct to the best of your knowledge.

Approved by: (Office Use Only)	Requested by:
<p>_____</p> <p>4-H Program Committee Chairperson Date</p> <p>_____</p> <p>4-H Program Leader Date</p>	<p>_____</p> <p>Club President Date</p> <p>_____</p> <p>4-H Club Organizational Leader Date</p> <p>_____</p> <p>Address</p> <p>_____</p> <p>Phone _____</p>

Results of the above fund raising should be reported to the 4-H office in the "Story of a 4-H Club Activities" section of the Secretary's Monthly Report or a separate written report.

Facts 4-H Clubs Need to Know about New York State Sales Tax

1. A combined state and local sales tax must be collected whenever tangible items, food or drink are sold from a fair booth, camp store or temporary sales counter or table.
2. Sales tax must also be collected for parking services provided for a fee at a fair or event.
3. When a fee is charged for a 4-H event that includes a meal or refreshments that have been prepared by the membership (such as a covered dish dinner) and is held apart from any other organization or vendor that is required to collect tax, collection of sales tax is **not** required.
4. Collection of sales tax is **not** required for door-to-door sales.
5. Depending on the nature of your fundraiser and whether or not it is held in conjunction with a larger event (such as a fair, craft show or horse show) you may be required to register with the New York State Tax Department. When you submit your fundraising plan for approval check with the 4-H staff to see if registration is required. If so, the 4-H office may have a supply of the registration forms. Otherwise, call the New York State Tax Department at 1-800-462-8100 to obtain one. Allow 4-6 weeks for processing.
6. If you are required to register, you must display the vendor certificate you receive prominently in the sales area and post your prices with either "plus tax" or "tax included." After the event you must submit a tax report and a check for the amount of sales tax collected to the New York State Tax Department. Quarterly tax reports must be submitted from then on (even when no sales tax was collected) unless permission to file annually is obtained from the Tax Department.
7. Cornell Cooperative Extension is responsible for ensuring that groups under its auspices (such as 4-H clubs) comply with tax laws. Violations could result in penalties or loss of tax-exempt status. Therefore it is imperative that all fundraising plans be approved by the appropriate Cornell Cooperative Extension staff member. If your fundraiser is approved and collection of sales tax is required, your club must keep an accurate record of all sales, submit the taxes on time and follow any other procedures required by your county Cornell Cooperative Extension Association.

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

▶ See separate instructions for each line. ▶ Keep a copy for your records.

EIN

OMB No. 1545-0003

Type or print clearly.	1 Legal name of entity (or individual) for whom the EIN is being requested	
	2 Trade name of business (if different from name on line 1)	3 Executor, trustee, "care of" name
	4a Mailing address (room, apt., suite no. and street, or P.O. box)	5a Street address (if different) (Do not enter a P.O. box.)
	4b City, state, and ZIP code	5b City, state, and ZIP code
	6 County and state where principal business is located	
	7a Name of principal officer, general partner, grantor, owner, or trustor	7b SSN, ITIN, or EIN

8a Type of entity (check only one box)

<input type="checkbox"/> Sole proprietor (SSN) _____	<input type="checkbox"/> Estate (SSN of decedent) _____
<input type="checkbox"/> Partnership	<input type="checkbox"/> Plan administrator (SSN) _____
<input type="checkbox"/> Corporation (enter form number to be filed) ▶ _____	<input type="checkbox"/> Trust (SSN of grantor) _____
<input type="checkbox"/> Personal service corp.	<input type="checkbox"/> National Guard <input type="checkbox"/> State/local government
<input type="checkbox"/> Church or church-controlled organization	<input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military
<input type="checkbox"/> Other nonprofit organization (specify) ▶ _____	<input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises
<input type="checkbox"/> Other (specify) ▶ _____	Group Exemption Number (GEN) ▶ _____

8b If a corporation, name the state or foreign country (if applicable) where incorporated

State	Foreign country
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9 Reason for applying (check only one box)

<input type="checkbox"/> Started new business (specify type) ▶ _____	<input type="checkbox"/> Banking purpose (specify purpose) ▶ _____
<input type="checkbox"/> Hired employees (Check the box and see line 12.)	<input type="checkbox"/> Changed type of organization (specify new type) ▶ _____
<input type="checkbox"/> Compliance with IRS withholding regulations	<input type="checkbox"/> Purchased going business
<input type="checkbox"/> Other (specify) ▶ _____	<input type="checkbox"/> Created a trust (specify type) ▶ _____
	<input type="checkbox"/> Created a pension plan (specify type) ▶ _____

10 Date business started or acquired (month, day, year) **11** Closing month of accounting year

12 First date wages or annuities were paid or will be paid (month, day, year). **Note:** If applicant is a withholding agent, enter date income will first be paid to nonresident alien. (month, day, year) ▶

13 Highest number of employees expected in the next 12 months. **Note:** If the applicant does not expect to have any employees during the period, enter "-0-." ▶

	Agricultural	Household	Other
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14 Check **one** box that best describes the principal activity of your business.

<input type="checkbox"/> Construction	<input type="checkbox"/> Rental & leasing	<input type="checkbox"/> Transportation & warehousing	<input type="checkbox"/> Health care & social assistance	<input type="checkbox"/> Accommodation & food service	<input type="checkbox"/> Wholesale-agent/broker
<input type="checkbox"/> Real estate	<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Finance & insurance	<input type="checkbox"/> Other (specify)	<input type="checkbox"/> Wholesale-other	<input type="checkbox"/> Retail

15 Indicate principal line of merchandise sold; specific construction work done; products produced; or services provided.

16a Has the applicant ever applied for an employer identification number for this or any other business? Yes No
Note: If "Yes," please complete lines 16b and 16c.

16b If you checked "Yes" on line 16a, give applicant's legal name and trade name shown on prior application if different from line 1 or 2 above.
 Legal name ▶ _____ Trade name ▶ _____

16c Approximate date when, and city and state where, the application was filed. Enter previous employer identification number if known.

Approximate date when filed (mo., day, year)	City and state where filed	Previous EIN
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Third Party Designee	Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.	
	Designee's name	Designee's telephone number (include area code) ()
	Address and ZIP code	Designee's fax number (include area code) ()

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.

Name and title (type or print clearly) ▶	Applicant's telephone number (include area code) ()
Signature ▶	Applicant's fax number (include area code) ()
Date ▶	

Do I Need an EIN?

File Form SS-4 if the applicant entity does not already have an EIN but is required to show an EIN on any return, statement, or other document.¹ **See also the separate instructions for each line on Form SS-4.**

IF the applicant...	AND...	THEN...
Started a new business	Does not currently have (nor expect to have) employees	Complete lines 1, 2, 4a-6, 8a, and 9-16c.
Hired (or will hire) employees, including household employees	Does not already have an EIN	Complete lines 1, 2, 4a-6, 7a-b (if applicable), 8a, 8b (if applicable), and 9-16c.
Opened a bank account	Needs an EIN for banking purposes only	Complete lines 1-5b, 7a-b (if applicable), 8a, 9, and 16a-c.
Changed type of organization	Either the legal character of the organization or its ownership changed (e.g., you incorporate a sole proprietorship or form a partnership) ²	Complete lines 1-16c (as applicable).
Purchased a going business ³	Does not already have an EIN	Complete lines 1-16c (as applicable).
Created a trust	The trust is other than a grantor trust or an IRA trust ⁴	Complete lines 1-16c (as applicable).
Created a pension plan as a plan administrator ⁵	Needs an EIN for reporting purposes	Complete lines 1, 2, 4a-6, 8a, 9, and 16a-c.
Is a foreign person needing an EIN to comply with IRS withholding regulations	Needs an EIN to complete a Form W-8 (other than Form W-8ECI), avoid withholding on portfolio assets, or claim tax treaty benefits ⁶	Complete lines 1-5b, 7a-b (SSN or ITIN optional), 8a-9, and 16a-c.
Is administering an estate	Needs an EIN to report estate income on Form 1041	Complete lines 1, 3, 4a-b, 8a, 9, and 16a-c.
Is a withholding agent for taxes on non-wage income paid to an alien (i.e., individual, corporation, or partnership, etc.)	Is an agent, broker, fiduciary, manager, tenant, or spouse who is required to file Form 1042 , Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	Complete lines 1, 2, 3 (if applicable), 4a-5b, 7a-b (if applicable), 8a, 9, and 16a-c.
Is a state or local agency	Serves as a tax reporting agent for public assistance recipients under Rev. Proc. 80-4, 1980-1 C.B. 581 ⁷	Complete lines 1, 2, 4a-5b, 8a, 9, and 16a-c.
Is a single-member LLC	Needs an EIN to file Form 8832 , Classification Election, for filing employment tax returns, or for state reporting purposes ⁸	Complete lines 1-16c (as applicable).
Is an S corporation	Needs an EIN to file Form 2553 , Election by a Small Business Corporation ⁹	Complete lines 1-16c (as applicable).

¹ For example, a sole proprietorship or self-employed farmer who establishes a qualified retirement plan, or is required to file excise, employment, alcohol, tobacco, or firearms returns, must have an EIN. **A partnership, corporation, REMIC (real estate mortgage investment conduit), nonprofit organization (church, club, etc.), or farmers' cooperative must use an EIN for any tax-related purpose even if the entity does not have employees.**

² However, **do not** apply for a new EIN if the existing entity only (a) changed its business name, (b) elected on Form 8832 to change the way it is taxed (or is covered by the default rules), or (c) terminated its partnership status because at least 50% of the total interests in partnership capital and profits were sold or exchanged within a 12-month period. (The EIN of the terminated partnership should continue to be used. See Regulations section 301.6109-1(d)(2)(iii).)

³ Do not use the EIN of the prior business unless you became the "owner" of a corporation by acquiring its stock.

⁴ However, IRA trusts that are required to file **Form 990-T**, Exempt Organization Business Income Tax Return, must have an EIN.

⁵ A plan administrator is the person or group of persons specified as the administrator by the instrument under which the plan is operated.

⁶ Entities applying to be a Qualified Intermediary (QI) need a QI-EIN even if they already have an EIN. **See Rev. Proc. 2000-12.**

⁷ See also *Household employer* on page 4. (**Note:** State or local agencies may need an EIN for other reasons, e.g., hired employees.)

⁸ Most LLCs **do not** need to file Form 8832. See **Limited liability company (LLC)** on page 4 for details on completing Form SS-4 for an LLC.

⁹ An existing corporation that is electing or revoking S corporation status should use its previously-assigned EIN.





TAX EXEMPTION STATUS OF 4-H CLUBS AND AFFILIATED 4-H ORGANIZATIONS

As determined by the Internal Revenue Service (IRS), 4-H Clubs and Affiliated 4-H Organizations are exempt from Federal income tax under provisions of the Internal Revenue Service (IRS) Code. Donors may deduct contributions to 4-H clubs and affiliated 4-H organizations such as; bequests, legacies, devises, transfers, or gifts as applicable under the IRS Code.

The IRS has assigned a Federal Income Tax Group Exemption Number to 4-H which must be used by all 4-H Clubs and affiliated 4-H organizations when filing or corresponding with the IRS. **The Group Exemption Number (GEN) is 2704.** Additionally, there is a Federal Tax Identification Number, commonly know as an Employer Identification Number (EIN) assigned to the National 4-H Headquarters-USDA that identifies that office as the "parent" entity for 4-H Clubs and Affiliated 4-H Organizations. **That Federal Tax Identification Number is 52-1057382.** These numbers are available for reference when addressing tax exemption status questions about 4-H clubs and affiliated 4-H organizations.

In order for the IRS to verify the tax exempt status of individual 4-H clubs and affiliated 4-H organizations to donors and contributors, the 4-H clubs and organizations must complete the following two-step process:

1. Obtain a Federal Tax Identification Number or EIN.
2. Submit a request in writing to the IRS for inclusion under the 4-H Group Exemption Number (see sample letter).

The EIN may be obtained on-line from the IRS at <http://www.irs.gov>. Click on search EIN and complete form SS-4. Insure that the GEN 2704 is used when completing the form. The EIN is provided on-line.

The written request should be submitted to:

Internal Revenue Service
Ogden, UT 84201

Include the Name of the 4-H club or affiliated 4-H organization, mailing address, GEN 2704, EIN and effective date requested for inclusion under the Group Ruling. **The written request MUST be signed by a state or local Cooperative Extension Service official.**

For questions concerning the Tax Exempt status of 4-H Clubs or Affiliated 4-H Organizations, please contact the National 4-H Headquarters- USDA at (202) 720-2908 or at <http://www.national4-hheadquarters.gov>.



National 4-H Headquarters; 1400 Independence Avenue, S.W.; MS 2225; Washington, D.C. 20250
www.national4-hheadquarters.gov



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LIVESTOCK SALES AND PRIZE WINNINGS RELATED TO 4-H PROGRAMS: TAXABLE INCOME AND CHARITABLE CONTRIBUTIONS

4-H Youth raising livestock and other farm animals to be sold at auctions, county and state fairs and other 4-H events, has long been a vital part of the 4-H educational experience. The income received and the funds paid at these events are subject to Federal tax laws and Internal Revenue Service (IRS) regulations. The Tax Reform Act of 1986 gave specific attention to “gross income amounts received on the sale of animals” and such income of \$600 or more is taxable income to the recipient regardless of the educational purposes surrounding the raising of the animals or the use of the funds.

Additionally, the 4-H entities involved in these sales should provide clarification to the purchaser of the animal as to the ownership of the animal and whether a charitable contribution may be claimed for the purchase of the animal.

The following is provided to assist State and local 4-H programs in the conduct of these livestock sales and other related activities, as well as continuing to insure the proper use of the 4-H Name and Emblem:

Livestock sales / Prize or Contest winnings:

1. The individual or 4-H entity receiving the gross income/ winnings of \$600 or more is required to report the gross income/ winnings to the IRS regardless of the educational purpose or benefit to the sale.
2. In most cases, the 4-H member would be issued an IRS Form 1099-MISC by the organization sponsoring the sale. Please note there are specific rules regarding the issuance of 1099-MISCs. Applicability needs to be determined.
3. In the majority of situations, the 4-H member remains the owner of the animal and presents it for sale to the auction or other event in anticipation of receiving the proceeds/ winnings.
4. In the situation that the ownership of the animal remains with the 4-H member, the sponsoring organization is only a conduit for the sale of the animal. (see item #1 under Charitable Contributions)
5. The net income to the 4-H member is not subject to Self-Employment Tax if the project is primarily for educational purposes and not for profit. (See reference section)

Charitable Contributions:

1. When acting as a conduit for the sale of the animal, the sponsoring organization cannot view the sales proceeds as income to the organization and should clarify for the purchaser that they have not made a charitable contribution to the organization, but have purchased the animal through the organization for the direct benefit of the 4-H member.
2. The purchaser of the animal may claim a deduction, net of the fair market value of the animal, as a charitable contribution to a qualified organization when it is determined that the organization owns the animal, which it is selling and that the funds will remain with the organization to be expended on 4-H educational programs and activities.

This Fact Sheet is provided only for the most general use and information to 4-H members and organizations. Due to the complexity and varied applicability of IRS regulations, 4-H members, organizations and contributors are encouraged to seek guidance from their tax advisors regarding specific situations.

References:

<http://www.irs.gov>

IRS Publication 225 Farmer's Tax Guide, Chapter 12: Self Employment Tax.

4-H Club or FFA Project. If an individual participates in a 4-H Club or FFA project, any net income received from the sales or prizes related to the project may be subject to income tax. Report the net income on line 21 of Form 1040. If necessary, attach a statement showing gross income and expenses. The net income may not be subject to Self Employment tax if the project is primarily for educational purposes and not for profit, and is completed by the individual under the rules and economic restrictions of the sponsoring 4-H or FFA organization. Such a project is generally not considered a trade or business.



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