The Maryland 4-H Youth Development program is part of the University of Maryland Extension (UME), which is part of the University of Maryland. Because of this relationship, all financial transactions of local 4-H groups/affiliates must be managed according to the guidelines outlined in this handbook.
4-H groups/affiliates are open to all without regard to race, color, gender, disability, religion, age, sexual orientation, marital or parental status, or national origin. Because 4-H is a public organization, groups are held to a higher standard of accountability and integrity for financial recordkeeping.

4-H groups can meet these standards by following the financial management methods, guidelines, and policies found in this handbook. These standards apply to all groups, whether a group has 25 cents or $2,500 in the treasury.

The money groups receive from dues, donations, or other fundraising efforts is owned by the group, not by any one member or leader of the group. The following guidelines will help your 4-H group fulfill its responsibilities for properly handling public funds:

1. **BANK ACCOUNT**
   All monies should be placed in a bank account in the name of the 4-H group at a public financial intuition. As nonprofit organizations, 4-H groups are not charged a service fee. There may be, however, a charge for printing the group’s name on checks.

2. **PETTY CASH**
   Petty cash requires extra record keeping to ensure its safety. 4-H groups are not encouraged to have petty cash and it should not be used as a substitute for sound advance planning and budgeting. If a group still votes to have petty cash, records must be kept in the regular treasurer’s report including the quantity of money monthly, and the location of the petty cash, to ensure proper cash tracking and security.

3. **EMPLOYER IDENTIFICATION NUMBER (EIN)**
   Every 4-H group must have an Employer Identification Number (EIN), even if they do not handle money. (*Not required by authorized groups in which all financial matters are handled by the local Extension Advisory Council/Board, or other separately incorporated non-profit organization approved by UME.*)

   In addition to being required for Maryland 4-H records, this is also required to open a checking or savings account. To apply for an EIN from the Internal Revenue Service (IRS), visit [https://sa2.www4.irs.gov/modiein/individual/index.jsp](https://sa2.www4.irs.gov/modiein/individual/index.jsp).

   4-H must be included in the official club name on the EIN application and on the group bank account(s).

   The process for obtaining an EIN will require a Social Security Number from the volunteer or leader. It is safe to do so; IRS discards the SSN following assigning the EIN. However, do not use a personal social security number in establishing a 4-H club checking or savings account due to tax liability concerns. Procedures for filing for an EIN can be found at your local UME 4-H Office and on the Maryland 4-H Website.
4. **SIGNATURES**
 Each group is required to have a minimum of two (2) names on all checking and savings accounts. Names on the account should not be related and each individual must be a UME Volunteer. Both signatures are required on each check issued, as well as cash withdrawals. No UME 4-H faculty/staff member’s signature may appear on any account belonging to a 4-H group.

5. **ANNUAL BUDGET**
 Groups are encouraged to prepare an annual budget. This is a written plan for earning and spending money for one year. Since the members of the group approve the budget, it will not be necessary to seek approval for payment of items included in the budget. If the group does not have a budget, as items arise that are not a part of the budget, each item must be presented to members for approval before payment is made.

6. **PAYMENTS**
 Payments should be made only in response to a written bill or sales receipt. The receipt or bill should include what was billed, cost of item(s), who is to be paid, along with the check number and the date of the check on it. This will become a permanent part of the treasurer’s records. All bills/receipts should be attached to each monthly treasurer’s report or included in a section of the treasurer’s book.

7. **INCOME**
 All income should be acknowledged with a written receipt, preferably pre-numbered. The receipt should include the source of the funds (such as carwash or plant sale), the date, and, if possible, the name of the person making the payment. These receipts are the back-up documentation for bank deposits. Receipts become a permanent part of the group records and should be attached to each monthly treasurer’s report or included in a section of the treasurer’s book.

8. **HANDLING CASH**
 All financial transactions should take place by check rather than cash to ensure accountability and create a stronger record of each transaction. All received funds should be deposited promptly.

9. **CASH DONATIONS**
 Since donors may deduct contributions to tax exempt non-profit groups, the 4-H group has a responsibility to acknowledge all gifts and/or donations. Cash donations where the donor receives nothing in return, must be acknowledged in writing to the donor and must include the group name, date, and amount of the contribution, by receipt and/or letter. A copy of the acknowledgement must be kept with the treasurer’s records and/or attached to each treasurer’s report.

For examples, see “Acknowledging Charitable Donations Fact Sheet.”
10. NON-CASH DONATIONS

Noncash donations (consumable donations of supplies or miscellaneous items) where the donor receives nothing in return, should also be acknowledged in writing to the donor with the group name, date, and description of the item(s).

4-H cannot value the non-cash donation (as per IRS regulations). Determining a fair market value of noncash donations is the responsibility of the donor, in consultation with his/her tax advisor and individuals qualified to appraise an item of this type. The 4-H group should only verify the receipt of the donation and not assign any value, unless it is a monetary contribution. It is not appropriate for a 4-H club, faculty/staff member, or UME volunteer to place a value on items donated. For examples, see “Acknowledging Charitable Donations Fact Sheet.”

Donors cannot specify the individual recipient of cash or noncash donations. A copy of the acknowledgement must be kept with the treasurer’s records and/or should be attached to each treasurer’s report.

Non-consumable donations such as equipment or animals should be accepted only if the group is prepared to accept the responsibilities of ownership including care, maintenance, and insurance. Groups should not feel compelled to accept noncash gifts. Contact the 4-H faculty/staff member whenever there are questions about accepting and/or managing donations.

If the 4-H group is involved in the sale of livestock, please refer to the following factsheet: http://www.national4hheadquarters.gov/library/fs-livestock_sales_01-23-07.pdf

11. QUID PRO QUO CONTRIBUTIONS

Quid pro quo contributions, “payments made partly as a contribution and partly for goods or services provided to the donor by the charity,” should also be acknowledged in writing. In other words, the donor received something in return for the contribution; however the price paid exceeds the fair market value. Therefore the donor can claim a tax deductible donation for only the amount exceeding fair market value.

An example of a quid pro quo contribution is where the donor gives $100 for a concert ticket valued at $40. In this example the donor can claim a donation of $60 ($100-$40=$60). The disclosure statement must inform the donor that the “amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property, other than money) contributed by the donor over the value of goods or services provided by the charity,” and provide the donor with a good faith estimate of the value of goods or services that the donor received. For examples, see “Acknowledging Charitable Donations Fact Sheet.”
12. **FUNDRAISING**
Groups may raise money for their goals through fundraising or dues or both. Fundraising must be done for the good of the total group and be consistent with the county/state fundraising policies.

All monies raised using the 4-H Name must be used only for 4-H activities. Because these funds are publicly accountable, they may not be given to individual group members or other community groups, but must be used to pay for educational programs, activities, workshops, or supplies.

The 4-H Name and Emblem should not be used to imply endorsement of commercial firms, products, or services. No political contributions or candidate endorsements are allowed.

Raffle type fundraisers should be given careful consideration to ensure it positively promotes the ideals and goals of the 4-H organization, (see National 4-H Policy on Raffles and Games of Chance at [http://www.national4-hheadquarters.gov/library/fs-raffles%2001-23-07.pdf](http://www.national4-hheadquarters.gov/library/fs-raffles%2001-23-07.pdf) along with Maryland 4-H Youth Development Program’s Raffles and Games of Chance).

13. **SALES TAX**
Maryland tax law requires that organizations selling tangible personal property collect sales tax from the buyer. Therefore, group/affiliates are required to collect and remit sales tax on things like cookbooks, calendars, or plant sales. For more information, call the Maryland State Comptroller’s Office at 1-800-492-1752 and ask for the Special Events Office to get a temporary sales tax license. Sales tax is not collected on services such as car washes.

14. **CLUB INVENTORY**
Groups are must inventory all assets on an annual basis to (1) document their location, and (2) to provide a historical summary for both acquisition and disposal. This includes permanent equipment like laptops, firearms, scales, and other items of value. There is no need to report disposable materials like paper reams, paper targets, etc, unless they are of large value such as ammunition.

(Note: To avoid burdensome recordkeeping, it is suggested that inventory reports include only assets with a useful life of over one year and an initial value of $100 or more.)

15. **ANNUAL REPORTING**
Under the U.S. Department of Agriculture and the University of Maryland guidelines, each local UME Office is required to keep track of all financial transactions made by groups authorized to use the 4-H Name and Emblem.

Due October 15th of each year, authorized groups must complete an Annual Financial Summary Report showing the source of all income and how it is disbursed. The
Annual Financial Summary Report, along with the year’s Group Treasurer’s Book, Property Inventory Report, and supporting documents, is submitted to the local UME 4-H Office October 15th of each year. It is imperative that this deadline is met to ensure all financial reports are received by the State 4-H Office by appropriate deadlines to then file the information with the IRS.

The required annual report:
- Creates an open, public record for each nonprofit group.
- Fulfills the audit concerns of the University of Maryland.
- Shows how Maryland Extension-related organizations help the University fulfill its obligation of accountability to the residents of Maryland.

16. FINANCIAL REVIEW AND/OR AUDIT
The Annual Financial Summary Report, along with Audit Report, Annual Inventory Report, and other supporting documents such as bank statements, receipts, etc. should be submitted to your county/city unit by October 15th of each year for the prior fiscal year. The local UME 4-H Youth Development Educator, or other appointed faculty/staff member will conduct an informal financial review and return documents to the group following.

UME faculty/staff will then sign off on the Summary Report and a copy will be forwarded to the Maryland 4-H Office.

Groups with annual income of more than $25,000 should be audited annually by an independent certified public accountant. A copy of the final audit report should be submitted to your county/city office for your group file, along with a completed Annual Financial Summary Report.

17. GROUP DISBANDMENT
Monies left in account(s) when a group disbands, ceases operation, or loses its charter, any funds remaining after payment of any group obligations must be transferred to the local Extension Advisory Council/Board. These moneys may be used for county/city 4-H programs and activities. All property belonging to the Authorized Group must be turned into the UME Office. If a group divides, creating more than one properly chartered group, the funds from the original group must be divided, based on membership in each group.

18. GROUPS NOT HANDLING MONEY
Groups that don’t have treasuries and don’t handle any money need to mark $0’s on the Annual Financial Summary Report, sign and date the form, and return to the County UME Office by October 15th of each year.

19. COMPLAINTS
The UME 4-H Youth Development faculty/staff member will investigate all complaints regarding use of funds. Concerns can be avoided and/or settled quickly if all financial records are kept up-to-date and the guidelines outlined here have been followed.
20. **TAX FILING**
All 4-H group/affiliate, regardless of their annual revenue, are required to file a 990 or 990N with the IRS annually. 4-H groups/affiliates with $50,000 or less in total receipts will file an electronic postcard at [http://epostcard.form990.org](http://epostcard.form990.org). 4-H group/affiliates with more than $50,000 in total receipts will file a 990 form. The form is found at [http://www.irs.gov](http://www.irs.gov). Filing must be done by November 15th of each year. 4-H Groups must submit verification of filing to Local UME Offices. Groups should also keep a copy in their files. All 4-H groups must file, even if they do not handle money.

21. **TAX EXEMPTION**
The 4-H program in the United States, by definition of the Extension Committee on Organization and Policy (ECOP), operates under the 501(c)(3) status of the Internal Revenue Code. This means that 4-H clubs/groups/affiliates are tax exempt in both state and federal income tax. This does not mean that the clubs are exempt from paying sales tax in Maryland.