

4-H Tax Exemption and the Connecticut 4-H Foundation, Inc.

To All 4-H Clubs in Connecticut:

As many of you know, the national 4-H program decided several years ago to end serving as the “umbrella” relating to nonprofit status for all of the local 4-H clubs across the country. In response to that, we have established the Connecticut 4-H Foundation, Inc. (“CT 4-H”), which is a 501(c)(3) tax-exempt nonprofit organization. By operating under this new “umbrella,” each of the 4-H Clubs across Connecticut can be exempt from paying federal income tax, and can accept tax-deductible donations. This relieves 4-H Clubs from having to incorporate separately and to apply to the IRS for 501(c)(3) status. It will provide each participating club with the capacity to (a) be exempt from paying income tax on any net revenues; (b) accept tax-deductible donations; and (c) reduce liability exposure for individuals involved in 4-H club activities.

How to take advantage of the CT 4-H Foundation:

(1) Bank Account: Many 4-H clubs have their own bank accounts, or some clubs use the bank account of the club’s leader. The IRS could view funds deposited in your personal account for 4-H activities as income to you personally – which is taxable to you. In order to take advantage of the CT 4-H tax-exempt status, each 4-H club should establish a bank account using the CT 4-H employer identification number (EIN) or Federal Tax Identification Number (the number issued by the IRS to identify any non-individual business or other entity). The account can be named “XYZ 4-H Club / CT 4-H Foundation”, and can be opened at any bank. There is not one required bank that needs to be used. Please bring with you the following documents (contact your county 4-H educator to obtain a copy):

- (a) the letter to the bank from CT 4-H authorizing the establishment of the account,
- (b) a copy of the CT 4-H IRS determination letter, and
- (c) a copy of the CT 4-H Foundation certificate of incorporation.

Once the bank account has been opened, the bank name and account number must be provided to the County 4-H Educator.

(2) Donations: Once the new bank account has been opened, grants, donations, or sponsorships from supporters can be deposited into the club’s new account. Donors need to be sent a receipt for their tax deductible donation. The receipt should identify the organization as “XYZ 4-H Club/CT 4-H Foundation” with the Federal Tax Identification Number on the receipt. Please send a copy of any donation receipts to Nancy Wilhelm at the CT 4-H Foundation. If you have any questions about how to handle donations and acknowledgements (the IRS has rules on all of these points), please contact Nancy Wilhelm.

Financial reporting: The IRS requires the CT 4-H Foundation to file an annual information return called a Form 990, which reports the organization’s revenues and expenses over the past year, October 1 to September 30. The CT 4-H Foundation needs to collect information about revenues and expenses and a brief narrative of activities from all the participating 4-H clubs.

- Club financial summaries will need to be turned into the County 4-H Office by **October 15th**.
- 4-H clubs failing to submit a financial summary by the due date will not be allowed to re-enroll and use the 4-H name and emblem.

The County 4-H office will keep a copy of each club’s financial summary on file. A summarized financial report including all participating clubs in the county will be turned into the State 4-H Office by **October 25th**.

Distribution of Assets upon Club Dissolution: 4-H Clubs must have a written plan in place to distribute any assets upon dissolution of the club. The Articles of Incorporation of the CT 4-H Foundation, Inc. state that, “upon liquidation, dissolution or winding up of the Corporation in any manner for any reason whatsoever, the assets of the Corporation then remaining after payment of all liabilities shall be distributed, transferred, conveyed, delivered and paid over to any other charitable nonprofit organizations exempt under Section 501(c)(3) of the IRC of this or any other state that has a purpose consistent with the purpose set forth herein.” Club assets should therefore be distributed to a 4-H charitable nonprofit 501(c)(3) organization such as a 4-H Fair Association, 4-H Camp Foundation or other 4-H nonprofit, 501(c)(3) entity.

Sales Tax Exemption for Clubs: Clubs operating under the umbrella of the CT 4-H Foundation are able to make sales tax exempt purchases using IRS form CERT 119 (<https://portal.ct.gov/-/media/DRS/Forms/1-2018/Certificates/CERT119pdf.pdf?la=en>) and a copy of the CT 4-H Foundation IRS determination letter. Clubs making a purchase will need to provide the vendor with a copy of the completed CERT 119 form, the CT 4-H Foundation determination letter and payment in a form that reflects the bank account with both the CT 4-H Foundation and the club’s name. Cash, personal check or personal credit card cannot be used to make the purchase. A club leader who has signature authority for this bank account should also be the individual who signs the CERT 119 form. Please note that the CERT 119 form requires that you provide the CT 4-H Foundation Tax Registration number. To obtain the number please contact Nancy Wilhelm at nancy.wilhelm@uconn.edu.