

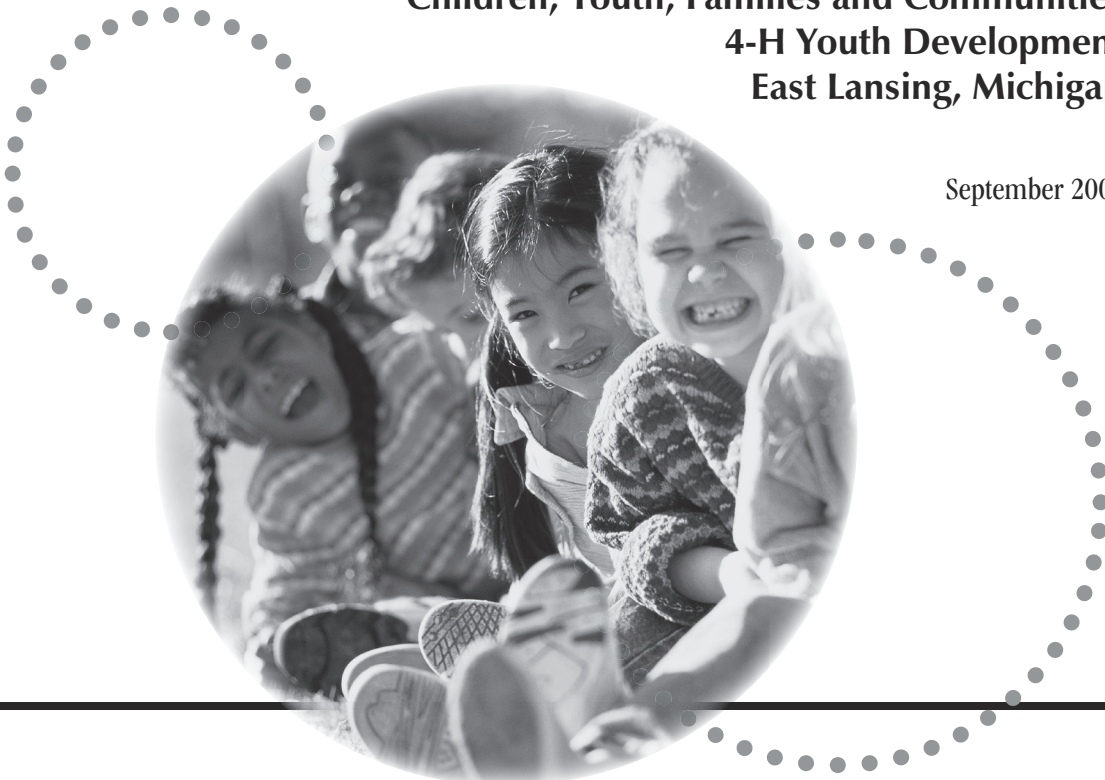
MICHIGAN STATE
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Becoming an Authorized 4-H Group and Maintaining that Status

Michigan State University Extension
Children, Youth, Families and Communities
4-H Youth Development
East Lansing, Michigan

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Acknowledgments

This document is a response to a variety of legislation such as the Patriot Act and the 2006 Pension Protection Act. Measures such as these required that we modify the policies and procedures for starting and maintaining Michigan 4-H clubs and groups.

Julie Chapin, 4-H Program Leader, and Priscilla Martin, Editor, MSU Extension 4-H Youth Development, originally developed this information in 2007 and revised it in 2008. Marian Reiter, Graphic Artist, MSU Extension 4-H Youth Development, designed it.

We extend our appreciation first and foremost to Cheri Booth, MSU Extension Assistant Director and State Leader for Children, Youth Families and Communities, for recognizing the need for this document, and for her patient, thoughtful review of it. In addition, we would like to thank all of the county staff who piloted it and who have continued to ask insightful questions. Most especially, we would like to express our gratitude to Maria Arnold, USDA CSREES Program Specialist, who researched countless questions with the IRS and worked to find efficient ways to deal with procedural questions.

For policy issues, you may contact Julie Chapin by email at chapin@msu.edu or by telephone at 517-432-7608. You may contact Priscilla Martin for **procedural** questions. Her email is pjmartin@msu.edu and her telephone number is 517-432-7635.

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Becoming an Authorized 4-H Group

The Authorization Process

All 4-H entities (such as clubs, councils, boards and committees) must go through an authorization process in order to operate under the name of 4-H and receive tax-exempt, nonprofit status with the Internal Revenue Service (IRS).

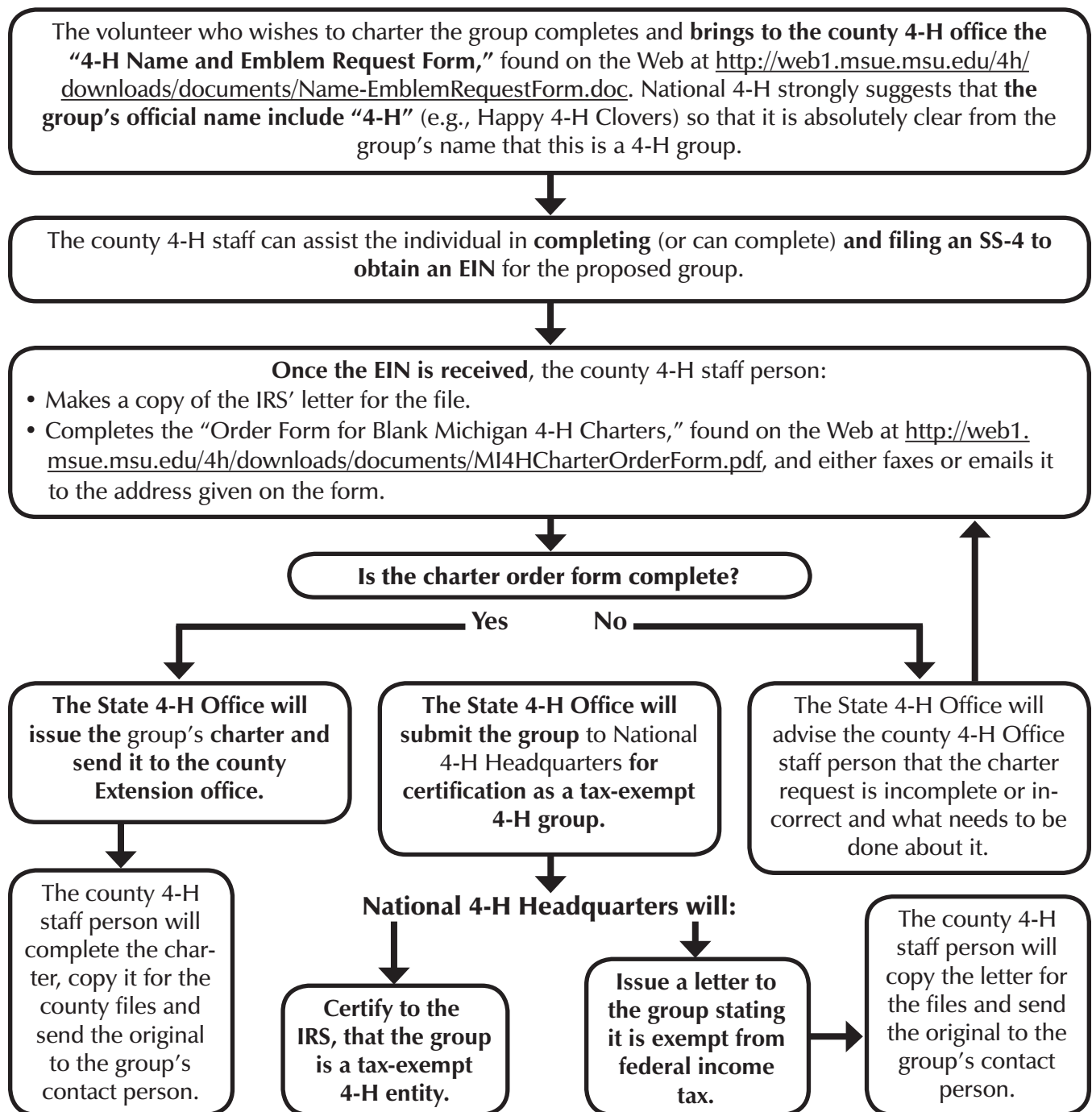
The authorization process consists of three parts:

1. Obtaining an Employer Identification Number (EIN)

2. Receiving a 4-H charter

3. Having National 4-H Headquarters certify to the IRS that it is a 4-H entity.

The procedure for becoming a certified 4-H group is illustrated in the following flow chart.



In summary, the complete procedure for becoming an authorized 4-H group involves:

- A volunteer's request to the local county Extension office using the "4-H Name and Emblem Request Form"
- Obtaining an Employer Identification Number (EIN)
- A county 4-H staff person requesting a charter
- The State 4-H Office issuing a charter and submitting the group to National 4-H Headquarters for certification as a tax-exempt 4-H entity
- National 4-H Headquarters certifying the group as a tax-exempt 4-H entity with the IRS.

Being an authorized 4-H entity is beneficial because:

- **Such** duly authorized 4-H entities may use the 4-H name and emblem.
- Authorized 4-H entities are exempt from paying federal income tax on funds raised on behalf of 4-H to support educational programs.
- **Donors** who contribute to authorized 4-H entities may deduct donations such as gifts, bequests, legacies, devises or transfers under the IRS Code.

Employer Identification Numbers (EIN)

Once the county Extension office makes the decision to accept a group's application to become a 4-H entity, the first step in the authorization process is to obtain an EIN for the group.

What Is an EIN?

An EIN is the organizational equivalent of an individual's social security number.

Which Groups Need to Get an EIN?

All 4-H groups that need a charter must first get an EIN.

How Does a Group Acquire an EIN?

1. The contact person for the group completes, dates and signs an application form (SS-4). This form may be found on the Web at <http://www.irs.gov/pub/irs-pdf/fs4.pdf?portlet=3>. **Use the sample SS-4 on the next page to complete the form. This sample explains which questions need to be answered and how to do so.**
2. Fax the completed SS-4 form to (859) 669-5760 between 7:30 a.m. and 5:30 p.m. Eastern Time. An IRS representative will use the information on the SS-4 to assign the EIN number. You may also mail the completed SS-4 to EIN Operation, Cincinnati, OH 45999. If you choose to apply over the telephone, call (800) 829-4933 between 7:30 a.m. and 5:30 p.m. Eastern Time.
3. The IRS will send you a letter with the EIN. Send the original letter to the group and keep the copy for your records.

More Information

For more information about the tax-exempt status of 4-H groups, visit the National 4-H Headquarters' Web site at www.national4-hheadquarters.gov/library/fs-tax_exempt_v2-08.pdf.

Although using the telephone is quicker, neither National 4-H Headquarters nor the State 4-H Office recommend it because, **in some cases**, the IRS representative also insists on receiving a social security number. We have also heard of instances in which the IRS representative refused to accept applications over the telephone, or would only do a limited number of them.

Your group name should include "4-H" in it and it should be specific either through a unique name or a generic name that identifies the county as well. Examples:

- Unique name: Cherry Blossom Kids 4-H Club
- Generic name with county: St. James County 4-H Council

Type or print clearly.	1 Legal name of entity (or individual) for whom the EIN is being requested Group name		3 Executor, administrator, trustee, "care of" name Principal contact	
	2 Trade name of business (if different from name on line 1)		5a Street address (if different) (Do not enter a P.O. box.) Leave blank	
	4a Mailing address (room, apt., suite no. and street, or P.O. box) County Extension office mailing address		5b City, state, and ZIP code (if foreign, see instructions) Leave blank	
	4b City, state, and ZIP code (if foreign, see instructions) County Extension office mailing address		6 County and state where principal business is located Your county name, Michigan	
	7a Name of principal officer, general partner, grantor, owner, or trustor Leave blank		7b SSN, ITIN, or EIN Leave blank	
	8a Is this application for a limited liability company (LLC) (or a foreign equivalent)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		8b If 8a is "Yes," enter the number of LLC members ▶	
8c If 8a is "Yes," was the LLC organized in the United States? <input type="checkbox"/> Yes <input type="checkbox"/> No				
9a Type of entity (check only one box). Caution. If 8a is "Yes," see the instructions for the correct box to check.				
<input type="checkbox"/> Sole proprietor (SSN) _____ <input type="checkbox"/> Partnership _____ <input type="checkbox"/> Corporation (enter form number to be filed) ▶ _____ <input type="checkbox"/> Personal service corporation _____ <input type="checkbox"/> Church or church-controlled organization _____ <input type="checkbox"/> Other nonprofit organization (specify) ▶ _____ <input checked="" type="checkbox"/> Other (specify) ▶ 4-H Clubs & Affiliated 4-H Organizations				
<input type="checkbox"/> Estate (SSN of decedent) _____ <input type="checkbox"/> Plan administrator (TIN) _____ <input type="checkbox"/> Trust (TIN of grantor) _____ <input type="checkbox"/> National Guard <input type="checkbox"/> State/local government <input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military <input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises Group Exemption Number (GEN) if any ▶ 2704				
9b If a corporation, name the state or foreign country (if applicable) where incorporated		State Leave blank	Foreign country Leave blank	
10 Reason for applying (check only one box)				
<input type="checkbox"/> Started new business (specify type) ▶ _____ <input type="checkbox"/> Hired employees (Check the box and see line 13.) <input type="checkbox"/> Compliance with IRS withholding regulations <input checked="" type="checkbox"/> Other (specify) ▶ "Starting 4-H club" or "Starting 4-H organization"				
<input type="checkbox"/> Banking purpose (specify purpose) ▶ _____ <input type="checkbox"/> Changed type of organization (specify new type) ▶ _____ <input type="checkbox"/> Purchased going business <input type="checkbox"/> Created a trust (specify type) ▶ _____ <input type="checkbox"/> Created a pension plan (specify type) ▶ _____				
11 Date business started or acquired (month, day, year). See instructions.		12 Closing month of accounting year August		
13 Highest number of employees expected in the next 12 months (enter -0- if none).				
Agricultural 0		Household 0		Other 0
14 Do you expect your employment tax liability to be \$1,000 or less in a full calendar year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (If you expect to pay \$4,000 or less in total wages in a full calendar year, you can mark "Yes.")				
15 First date wages or annuities were paid (month, day, year). Note. If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year) ▶ Usually leave blank				
16 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"/> Accommodation & food service <input type="checkbox"/> Wholesale-agent/broker <input type="checkbox"/> Real estate <input type="checkbox"/> Manufacturing <input type="checkbox"/> Finance & insurance <input checked="" type="checkbox"/> Other (specify) Education				
17 Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided. Youth development and education				
18 Has the applicant entity shown on line 1 ever applied for and received an EIN? <input type="checkbox"/> Yes <input type="checkbox"/> No				
If "Yes," write previous EIN here ▶ _____				

These are typically "0"

This is typically "yes"

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.		Applicant's telephone number (include area code) ()
Name and title (type or print clearly) ▶ Principal contact's name and title		Applicant's fax number (include area code) ()
Signature ▶ <i>Principal Contact</i>	Date ▶ <i>Today's Date</i>	

Which 4-H Groups Should be Chartered

Group Description		If this column has a check, the group needs a charter	If this column has a check, the group does not need a charter	If this column has a check, the group may need a charter
Type	If the group is a:			
	• Club or Cloverbud group	✓		
	• County, regional or state 4-H council, Board or committee	✓		
	• 4-H leader association			✓
	• Foundation that expends funds exclusively for 4-H purposes			✓
	• 4-H camps and training centers			✓
	If the group is a:			
	• Alumni association		✓	
	• Event or program		✓	
	• Fair board		✓	
	• Professional association		✓	
	• School-enrichment program		✓	
	• Single-family group		✓	
Duration	If the group is ongoing (for more than a couple of weeks)	✓		
Leader	If the group's leader is a volunteer	✓		
Function	If the group functions to further 4-H objectives and programs	✓		
	If the group's primary function is advocacy or lobbying for 4-H		✓	
Authority	If the group functions under the direct guidance and control of Cooperative Extension	✓		
	If the group functions under the authority of its own board of directors		✓	
501 (c)(3) Status	If the group has its own 501(c)(3) status		✓	

Charters

What Are 4-H Charters and Why Are They Important?

A 4-H charter, provided by the United States Department of Agriculture (USDA) and signed by the Secretary of Agriculture, the national 4-H leader, the State 4-H leader and the county Extension educator representative, **is the only document that officially recognizes a 4-H group and authorizes its use of the 4-H Name and Emblem** for the conduct of 4-H Youth Development programs.

Which 4-H Groups Should Be Chartered?

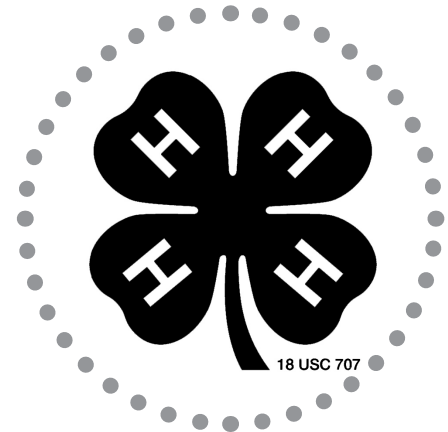
The chart on page 4 contains general information about the kinds of groups that need charters and those that do not. It is important to consider the entire picture, when deciding whether a group needs a charter.

How Does a Group Obtain a Charter?

1. The volunteer who wishes to charter the group completes and brings to the county 4-H Office the “4-H Name and Emblem Request Form,” found on the Web at <http://web1.msue.msu.edu/cyf/youth/downloads/documents/Name-EmblemRequestForm.doc>. **National 4-H strongly** suggests that **the group’s official name include “4-H”** (e.g., 4-H Happy Clovers) so that it is absolutely clear from the name that this is a 4-H group.
2. After the group obtains an EIN, the county 4-H staff person completes the “Order Form for Blank Michigan 4-H Charters,” found on the Web at <http://web1.msue.msu.edu/cyf/youth/downloads/documents/MI4HCharterOrderForm.pdf>, and either faxes or emails it to the address given on the form.
3. Once the State 4-H Office receives a completed form, it issues a blank charter to the county office along with a copy of the request form.
4. The county 4-H staff person fills in the charters, gives the original to the group leader and makes a copy for the county file.

More Information

For more information about using the 4-H Name and Emblem, visit the National 4-H Headquarters’ Web site at www.national4-hheadquarters.gov/library/4-Hguidelines-v4-26-04.pdf.



Certification of Tax-Exempt Status With the IRS

The third step in the process is the certification of the entity as a tax-exempt 4-H group by National 4-H Headquarters. When the chartering process is completed at the State 4-H Office, the group’s information will be forwarded to National 4-H Headquarters for inclusion into a request to the IRS. This request is made federally each December. A group is not recognized as an authorized, tax-exempt, 4-H entity until the IRS issues a formal certification letter. This means groups cannot raise funds in the name of 4-H prior to receiving their tax-exempt certification letter.

Maintaining a 4-H Group's Tax-Exempt Status With the IRS

There are really only two things necessary for a 4-H group to maintain its tax-exempt status with the IRS. **Each year, it needs to report:**

1. To the local 4-H Office any changes in its legal name or contact person. The county staff person then completes, and faxes or sends the County Group 4-H Report Form to the State 4-H Office. The county staff person should also report to the State 4-H Office any group that has dissolved. This may be done at any time during the year, but counties must request charters for new groups or report changes to existing groups at least quarterly during the year (i.e., by January 31, April 30, July 31 and October 31).
2. Its annual gross receipts to the IRS. For most groups, this means the county 4-H staff person will file a 990-N (e-postcard) for them. Groups with more than \$25,000 in annual gross receipts for three consecutive years must file an IRS 990 or IRS 990-EZ form. These forms should be completed by an accountant. Determining what to file is explained below.

If the 4-H group raises:	It needs to file:
\$0 and does not plan to raise funds or accept gifts	Nothing
\$0, but plans to raise funds or accept gifts in the future and wishes to remain a tax-exempt 4-H group	Form 990-N, "Electronic Notice (e-postcard) for Tax-Exempt Organizations not Required To File Form 990 or 990-EZ"
\$0 - \$24,999	Form 990-N, "Electronic Notice (e-postcard) for Tax-Exempt Organizations not Required To File Form 990 or 990-EZ"
\$25,000 or more	<p>Either:</p> <ul style="list-style-type: none"> • Form 990, "Return of Organization Exempt From Income Tax" <p>Or:</p> <ul style="list-style-type: none"> • Form 990-EZ, "Short Form Return of Organization Exempt from Income Tax"

What Will a County Extension Office Need to Know and Do to File an E-Postcard?

The IRS has developed an electronic filing system (there is no paper form) for the e-postcard. To complete the electronic filing requirement, each county Extension office will need to have the following information about all authorized 4-H entities:

- Legal name (as it appears on the charter or on the SS-4 when it applied for its Employer Identification Number [EIN])
- Other names used (if applicable)
- Web site address (if applicable)
- EIN
- Name and address of an officer

- Annual tax period (September 1 – August 31)
- Gross annual receipts

All of **this information should be found in the group's files in the county Extension office.**

To file an e-postcard, go to <http://epostcard.form990.org>. There you will find instructions for:

1. Registering as a new user.
2. Creating and submitting your e-postcards.
3. You will need to log in as an “exempt organization,” using the group’s EIN. Once you have completed one group’s e-postcard, you will log out. Then log in as the next group.

System Requirements


The following are just a few words about the system that is required and technical tips to work on the e-postcard site.

To enter the e-postcard site, you must:

1. Use one of the following Window-based browsers:
 - Microsoft Internet Explorer (version 5.5 or newer)
 - Firefox (version 1.0 or newer)
 - Netscape (version 6.2 or newer)
2. Have cookies enabled.
3. Have JavaScript enabled.

Tips for Using the E-Postcard Web Site

The following are a few general tips from the Web site about moving around in the site, saving information and getting help.

1. Use the “Next” and “Previous” buttons to move through the pages because using the “Back” or “Forward” buttons on your browser will cause you to lose changes you have made.
2. Save your work frequently because the system will automatically log you out after 30 minutes of inactivity. You will receive a warning two minutes before your session expires. However, if you are not there to see the warning, your changes will be lost.
3. Leave the Help window open after you have opened it the first time and the window will automatically provide you with appropriate assistance when you click on the help  symbol.

To ensure compliance of all Michigan 4-H groups, **county MSUE offices are asked to take responsibility for filing the IRS 990 e-postcard for all groups each December.** This should be done as a part of the county’s reenrollment process.

When Is the Filing Deadline for a Michigan 4-H Group?

The first deadline for 4-H groups to file Form 990-N (**the e-postcard**) is **January 15, 2009**. At that time, you will need to report your groups’ annual gross receipts for September 2007 through August 2008. Groups that meet the IRS requirements for filing Form 990 or 990-EZ must continue to file this report on an annual basis.

Why Is Filing Necessary?

Organizations that fail to file the notice on time will lose their tax-exempt status.



Frequently Asked Questions

EINs

Q. What is an EIN?

A. An EIN is the organizational equivalent of an individual's social security number.

Q. Which groups need to get an EIN?

A. All 4-H groups that need a charter must first get an EIN.

Q. Why is an EIN necessary?

A. It is the unique, numeric identifier that a group uses to obtain a charter, open a bank account and to file its appropriate IRS paperwork. The State 4-H Office uses the EIN to add or delete groups, and to make changes, to the tax-exempt list it sends to National 4-H Headquarters. The IRS uses an EIN to verify the tax-exempt status of individual 4-H groups.

Q. Why can't we apply for our EINs online? How about applying by telephone?

A. Currently, there is no online version of the SS-4 and the IRS' online application system does not allow us to enter our Group Exemption Number (GEN), 2704, which identifies the group as belonging to 4-H. In addition, the online application system requires giving out a social security number.

You may apply by telephone. However, we do not recommend it because, in some cases, the IRS representative also insists on receiving a social security number. We have also heard of instances in which the IRS representative refused to accept applications over the telephone, or would only do a limited number of them.

Q. What is the procedure for an existing 4-H group that wants to change its name or contact person?

A. You may complete the County 4-H Group Report Form (found on page 9 of this document), and fax or send it to the person named on the form at the State 4-H Office with any requested changes. The State 4-H Office will forward the request to make these changes to the National 4-H Headquarters. As the parent organization for 4-H, National 4-H Headquarters will update the listing with the IRS. The first line of the sample form (found on the last page of this document) illustrates how to report a group's name change and also a change in contact person.

Q. How do I report a group that has dissolved?

A. You may report a dissolved group to the State 4-H Office by entering the EIN and group's legal name on the County 4-H Report form discussed above. Then enter the year it dissolved in the "Inactive" column. (The second line of the sample form, found on the last page of this document, shows this.) The State 4-H Office will follow the same procedure to notify National 4-H Headquarters which will report it to the IRS.

Charters

Q. What are 4-H charters and why are they important?

A. A 4-H charter, provided by the United States Department of Agriculture (USDA) and signed by the Secretary of Agriculture, the national 4-H leader,

the State 4-H leader and the county Extension educator representative, **is the only document that officially recognizes a 4-H group and authorizes its use of the 4-H Name and Emblem** for the conduct of 4-H Youth Development programs.

Q. What happens to the charter if the 4-H group:

- **Changes names?** The county needs to request a new charter.
- **Disbands?** The county needs to get back the charter.
- **Does not have a valid charter?** It cannot be recognized as a valid 4-H group and will lose its tax-exempt status.

Q. Can an EIN be placed on a charter so that all of the information is in one place?

A. Yes, when filling in a blank charter, the county staff may enter the EIN after the group's name on the face of the charter.

IRS Reporting

Q. When is the filing deadline for a Michigan 4-H group?

A. **The first deadline for 4-H groups to file Form 990-N (the e-postcard) is January 15, 2009.** At that time, you will need to report your groups' annual gross receipts for September 2007 through August 2008. Groups that meet the IRS requirements for filing Form 990 or 990-EZ must continue to file this report on an annual basis. MSU Extension offices will need to file an e-postcard for all authorized groups by January 15, each year.

Q. Why is filing necessary?

A. **Organizations that fail to file the notice on time will lose their tax-exempt status.**

Q. Will the IRS or the State 4-H Office remind me to file?

A. The State 4-H Office will remind county staff members of the upcoming deadline. County staff members are responsible for completing the e-postcard filing for all groups by January 15 of each year.

Q. How will I know if the e-postcard worked?

A. Usually within 30 minutes of submitting a 990-N e-postcard, the IRS will email the submitter indicating whether the e-postcard was accepted or rejected. It is advisable to save a copy of the email message in the group's file.

4-H Tax-Exempt Status

Q. Does tax-exempt status mean a 4-H group does not have to pay property or sales tax?

A. The tax-exempt status addresses only federal income tax and does not provide exemption from any state or local taxes such as property or sales tax. In Michigan, 4-H groups must pay sales tax on items sold. See the *Michigan 4-H Treasurer's Record Book* (4H-1203) for more information on sales tax requirements.

Michigan 4-H Youth Development _____ County 4-H Group Report Form

Instructions: Complete and return this form to Priscilla Martin at pjmartin@msu.edu or fax it to Priscilla at (517) 355-6748.

EIN	Filing Requirement*	Group's Name	Group's Old Name (for use only if group changed names)	Principal Contact	Inactive	Year Chartered

*Filing requirement 1 = annual gross receipts are expected to be more than \$25,000; filing requirement 2 = annual gross receipts are expected to be less than \$25,000

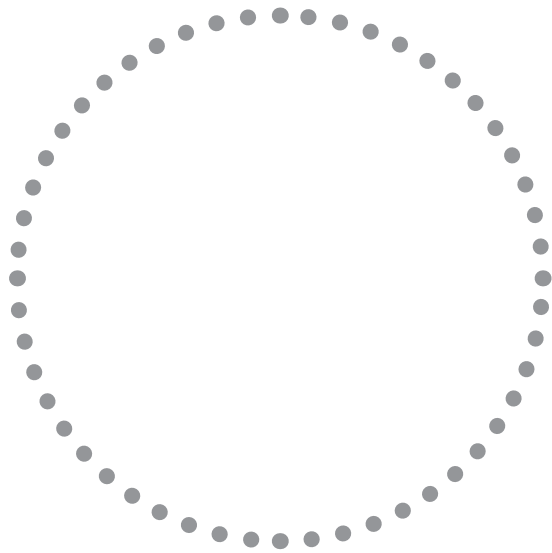
Michigan 4-H Youth Development

Rushmore _____ County 4-H Group Report Form

Instructions: Complete and return this form to Priscilla Martin at pjmartin@msu.edu or fax it to Priscilla at (517) 355-6748.

EIN	Filing Requirement*	Group's Name	Group's Old Name (for use only if group changed names)	Principal Contact	Inactive	Year Chartered
123456789	2	Little Lambs 4-H Club	Ewe-nique 4-H Club	Phillipa Andrews		2004
234567891	2	Fly by Night Rocketry 4-H Club			2008	

*Filing requirement 1 = annual gross receipts are expected to be more than \$25,000; filing requirement 2 = annual gross receipts are expected to be less than \$25,000



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