

4-H MONEY MATTERS FACT SHEET

COLORADO 4-H USE OF FUNDS

Tax Exempt Status

As the central organization for the Colorado 4-H Group Exemption (GEN 5947), the Colorado 4-H Foundation, along with the Internal Revenue Service (IRS) have determined that Colorado chartered 4-H clubs and groups under the control of Extension are eligible for inclusion as a subsidiary of the Colorado 4-H Foundation exemption from federal income tax under the provisions which correspond to section 501(c)(3) of the IRS Code. This means that:

- Formally authorized (state chartered) 4-H groups are exempt from paying federal income tax on funds on behalf of 4-H; and
- Donors may deduct contributions to 4-H clubs and groups as applicable under IRS Code.

For more information regarding 4-H subsidiaries privileges and responsibilities see the Colorado 4-H Fact Sheet, *Tax Exempt Status for Colorado 4-H Clubs and Groups*.

4-H National Headquarters 4-H Funds Facts

In seeking private support for 4-H programs through fundraising, state and local Extension officials must insure that the funds are given and used in accordance with Title 7 of the Code of Federal Regulations and USDA Guidelines pertaining to the 4-H program. Critical elements include:

- Fundraising programs may be carried out for specific educational purposes and must have the approval of the state and local Extension office.
- All moneys received from 4-H fundraising, except those necessary to pay reasonable expenses must be expended to further the 4-H educational programs.
- Private support moneys should be given and used for priority educational purposes, and accounted for efficiently and fully.

For more information regarding 4-H National Headquarters money facts, see the National Headquarters Fact Sheet, *Fundraising: Private Support for the 4-H Program*.

4-H Money = Public Funds

- A Colorado 4-H Charter is the only document that officially recognizes a 4-H Club or Group and authorizes their use of the 4-H Name and Emblem to conduct 4-H Youth Development programs.
- All money received by a 4-H Club or Group is public money because 4-H is a public organization.
- Federal regulations governing the continued use of the 4-H Name and Emblem require annual financial reporting and accountability.
- Funds raised in the name of 4-H must be publicly accountable and must be used for 4-H educational purposes.
- All moneys received from 4-H fund raising programs, except those necessary to pay reasonable expenses, must be expended to further the 4-H educational program.
- The 4-H treasurer is responsible to all members, leaders, the 4-H Youth Development agent, and the public.
- CSU Extension has oversight for 4-H programmatic and financial accountability.

Guidelines for Use of 4-H Funds

- Money raised in the name of 4-H must be used for 4-H educational purposes.
- Fund raising should only be conducted to meet a specific 4-H Club or Group educational goal.
- Funds raised in the name of 4-H may not be used for non-tax-exempt purposes. (For example, families in need memorial funds, etc.)
- 4-H Clubs and Groups may not make financial donations to other organizations. We need to build our own financial well-being to support the learning agenda for members.
- 4-H Clubs and Groups must practice financial policies that retain their nonprofit status and prevents them from falling into a private foundation status with the IRS. Generally, money raised during the 4-H year should be spent that same year. See *4-H Money Matters Fact Sheet: Excess Funds for more information*.

For more information regarding 4-H funds, please refer to the *Colorado 4-H Money Matters Fact Sheets Series*