



Volunteer Learning Module: 4-H Financial Reporting

Overview

Handling 4-H funds is an important part of being a 4-H club leader. Many 4-H clubs maintain funds in a group account to support the educational mission of the 4-H program. Funds may come from a variety of sources, and those different sources determine how the funds can be used. 4-H groups need to record and track the source of funds to ensure the funds are used appropriately and in consideration of the source.

Section 1: Taxes State and Federal

Because 4-H Youth Development is a part of MSU Extension which is a part of Michigan State University, Form 990 must be filed annually for a 4-H group to maintain its tax-exempt status with the IRS. Using information provided in the Annual Financial Summary Report (AFSR), Extension staff file the necessary paperwork for the 990-N with the IRS in order to maintain tax-exempt status. Groups that have assets of \$50,000 or greater need to file a different version of the 990 and must do so on their own.

Some 4-H groups pay businesses for rent, royalties, and services and some give prizes or awards to individual members (both cash and noncash) throughout the year. As a part of MSU, these 4-H groups are required to report such disbursements to MSU if the single payment or award is greater than or equal to \$600.

If a 4-H group resells an item purchased or portions of the item, the group is legally required to collect sales tax. This applies when selling items to non-4-H members or volunteers. When reselling tangible property, it is best to use "inclusive tax." That means the sales tax is included in the purchase price.

The requirement that 4-H groups collect sales tax on items it resells also applies to silent auctions and live auctions (minus livestock auctions). According to Michigan 4-H policy, food sold at concession stands is also taxable. Likewise, tickets for an event that includes a meal must have sales tax built into the ticket price. These events are similar to restaurants where food is immediately consumed, and sales tax is charged.

4-H Clubs and Groups who have fundraisers that require the collection of sales tax, will submit the sales tax collected annually with the AFSR form.

Resources:

- **Financial Manual for 4-H Volunteers:**
https://www.canr.msu.edu/resources/financial_manual_for_4_h_volunteers
- **Financial Manual for 4-H Treasurers:**
https://www.canr.msu.edu/resources/financial_manual_for_4_h_treasurers
- **Annual Financial Summary Report (AFSR):**
https://www.canr.msu.edu/career_preparation/uploads/files/Annual%20Financial%20Summary%20Report%2020.pdf
- **W-9:** <https://www.irs.gov/pub/irs-pdf/fw9.pdf>
- **4-H W-9 information Form, page 42 Financial Manual for 4-H Volunteers:**
https://www.canr.msu.edu/resources/financial_manual_for_4_h_volunteers

To contact an expert in your area, visit extension.msu.edu/experts or call 888-MSUE4MI (888-678-3464)

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Section 2: Treasurer's Report

The treasurer's report is a summary of the monthly financial activities of the 4-H group. It outlines the income earned and the expenses incurred. If an annual budget was approved, the treasurer will have indicated all bills paid during this period.

The treasurer's report needs to be reconciled to the corresponding monthly bank account statement. The report and the bank statements need to be presented and circulated to the 4-H group members during the monthly 4-H group meeting.

All 4-H group bank accounts should be established using the name of the 4-H group and the local 4-H office address.

Resources:

- **4-H Treasurer's Report Form:** https://www.canr.msu.edu/resources/4_h_treasurers_report

Section 3: Annual Financial Summary Report (AFSR)

The Annual Financial Summary Report lists a group's financial activities for the program year (September 1-August 31). Any group, other than a SPIN club, that uses the 4-H name and emblem must complete and file a copy of this report, whether or not they handle money. Groups without a treasury must complete this form with a zero balance and submit it by the designated date to their local 4-H Program Coordinator.

Resources:

- **4- H Financial Minute Video AFSR:** <https://www.youtube.com/watch?v=3C1IN4sVyyM>
- **Annual Financial Summary Report (ASFR):** https://www.canr.msu.edu/career_preparation/uploads/files/Annual%20Financial%20Summary%20Report2020.pdf