

Non-Profit and Tax Exempt Information for 4-H Clubs and Affiliated 4-H Organizations

4-H Club Exemption Status

As determined by the Internal Revenue Service (IRS), 4-H Clubs and Affiliated 4-H Organizations are exempt from Federal income tax. Donors may also deduct contributions to 4-H Clubs and Affiliated 4-H Organizations. To provide for appropriate tax exemption and avoid leaders needing to provide personal information for 4-H Clubs to operate, 4-H Clubs should obtain an **Employer Identification Number (EIN)**. Most banks require an EIN to hold a bank account. It is easy to apply for an EIN [online](#) or by phone (800-829-4933), and there is no cost.

Tax Exemption Clarification

As a non-profit organization, 4-H Clubs and Affiliated 4-H Organizations are exempt from federal and state income taxes. Non-profits with at least \$25,000 in revenue are required to file an information tax return (form 990). There are certain types of income which may be taxable, such as advertising income in which case you would also be required to pay income taxes on that revenue (form 990T).

Generally, we are subject to state of Iowa sales taxes. Iowa does not issue a sales tax exempt number. Items purchased that are not subject to sales tax are items for resale, auction, etc. for educational fundraising. If this is the case, you can fill out an [Iowa Sales Tax Exemption Certificate](#) and provide it to the vendor.

Sales and Raffles

Sales by the organization

- This may include auctions and other general sales.
- Generally sales are subject to state of Iowa sales taxes, unless the proceeds of the sale are used for educational purposes then the proceeds are not subject to state of Iowa sales tax.
- The donor of an item to an auction/sale must be notified that "no goods or services were provided in return for the donation" (or similar wording).
- The purchaser of an auction item must be notified that "You can deduct the price you paid over the fair market value of the item" (or similar wording). However, as an organization, you are not required to determine the FMV of donated items. That is between the donor of the item and the purchaser. If you purchased the item for the auction/sale, you likely have a FMV in the price you paid.

Raffles (charitable gambling)

- You must have a gambling license to hold a raffle where a person pays a consideration for a chance to win a prize. There are different types of gambling permits. See the [Iowa Social & Charitable Gambling](#) web page for a listing of current license options and application information. **Allow 30 days to process an application.** You may need to provide proof (a letter from the Extension office) that your 4-H club is affiliated with the Iowa 4-H program.
- Proceeds from raffles are subject to state of Iowa sales tax, no exceptions. The tax is figured on the gross amount received.
- A quarterly report must be filed with the [Iowa Department of Inspections and Appeals](#) with all income and expense information. Any taxes due are paid to the Iowa Department of Revenue and Finance.
- The purchase of raffle tickets is **not** tax deductible to the purchaser.
- **Winnings are taxable** to the individual. If the winner of a raffle or other award receives \$600 or more in winnings/awards, a 1099 must be provided to the individual by January 31st of the following year.

- There are several rules and record keeping requirements to follow when holding a raffle. Please refer to the [Administrative Rules](#) for social and charitable gambling from the Iowa Department of Inspections and Appeals.
- Counties with endowment funds invested through the Iowa 4-H Foundation may be eligible to use the Foundation's charitable gambling license for qualified raffles. Use of this license is limited to **raffles with a single prize valued at \$500 or less**. Net proceeds from the raffle must benefit the county 4-H endowment fund. Counties should secure their own gambling license for games of skill or chance, bingo, and multi-prize raffles.

Contact the Iowa 4-H Foundation (515-294-1537) to request the use of their license for raffles. **Requests must be made at least 30 days prior to the raffle start date.** A report of gross receipts and expenses must be submitted within seven (7) business days of the raffle end date. State taxes will be paid by the county and can be deducted from the county's endowment fund.

- **National 4-H Headquarters** recommends careful consideration be given to whether the involvement of the 4-H program in games of chance enhances the precepts, ideals, or goals of 4-H educational work or the land grant institution. Additionally, the 4-H Name and Emblem may not be used on or associated with products and services sold in connection with 4-H fund raising programs where an endorsement of a commercial firm, product or service is either intended or effected. See the [Raffles, Lotteries, Gaming and 4-H](#) fact sheet for more information.

Gifts/Donations

Cash, securities, bequests, other

Generally, donations made to 4-H Clubs and Affiliated 4-H Organizations are tax deductible. Contributions designated for a specific individual are not tax deductible. Donors should see their tax advisor regarding deductibility of their specific gifts. To be deductible, the gift must be unconditional and no goods or services can be provided in return for the gift (immaterial quid pro quo items may be acceptable). Acknowledge all 4-H donations in a timely manner with a personal thank you note.

If a county Extension office is forwarding gifts to be deposited with the Iowa 4-H Foundation, the checks should be sent to the Iowa 4-H Foundation with instructions as to where the funds should be designated. If the county Extension office writes a check for multiple gifts, we need a list of the donors' name, address, check number (or mark as cash if cash was given), gift amount and gift date to give the donor credit for the gift. Otherwise, the gifts will be credited to the county.

Matching Gifts

Many companies match their employee's contributions. These companies may have restrictions on the type of organization that they will match. If a donor working for a matching gift company wishes to make a donation, the gift should be sent to the Iowa 4-H Foundation so we can properly receive the matching gift from the company. If the donor designates his/her gift to a specific county or club, we can deposit the funds in that county's endowment fund or send the proceeds of the gift and matching gift to the club or county.

Year-end gifts

IRS regulations require year-end gifts to be postmarked by **December 31** or delivered in person by closing on the non-profit's last day of business of the year to be deductible in that year.

Iowa 4-H Foundation

The Iowa 4-H Foundation is a 501(c)(3) non-profit, tax exempt organization. You need permission from the Iowa 4-H Foundation to use its EIN number. It cannot be used for establishing bank accounts and general business activity.

Iowa 4-H Foundation
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Ames, IA 50011-3630
515-294-1537

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