Receiving Donations for a 4-H Club or County 4-H Program

Principles:

- Donors should always be given the opportunity for their contribution to be a charitable tax deduction. IRS regulations require that such contributions be handled properly.
- We must expend funds according to donor’s wishes; or be willing not to accept the gift if it does not match our programmatic need or policies.
- All 4-H clubs/groups that collect money or raise funds to maintain their club/group should establish a checking or savings account at a public financial institution (see 4-H Unit Management Handbook).
- Targeted/ear-marked donations are not eligible for County Board Match (CBM). Non-targeted/non ear-marked donations in support of Extension’s four program areas are eligible for County Board Match.
- County Directors have the fiscal responsibility in the Unit.

Who is considered a charitable organization?

<table>
<thead>
<tr>
<th>Role</th>
<th>Charitable</th>
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<tbody>
<tr>
<td>4-H Member</td>
<td>No</td>
</tr>
<tr>
<td>4-H Volunteer</td>
<td>No</td>
</tr>
<tr>
<td>4-H Club</td>
<td>No</td>
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<tr>
<td>County Extension Office</td>
<td>Yes</td>
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<tr>
<td>County 4-H or Extension Foundation</td>
<td>Yes*</td>
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<tr>
<td>Illinois 4-H Foundation</td>
<td>Yes</td>
</tr>
</tbody>
</table>

*County 4-H or Extension Foundation is a charitable entity ONLY if it is registered as an independent qualified 501(c)(3) charitable organization or has funds at the University of Illinois Foundation (UIF) for which UIF acts as the qualified charity on their behalf.

How does a county program work with UIF to issue a tax receipt and have contributions eligible for CBM?

1. **Monetary Donations for Current Use:** If the unit receives a monetary donation via check, cash, or credit card for the support of their local 4-H program, the gift is matchable. For the gift to be matchable, the funds must ultimately be deposited to the unit trust account. The donation may be processed in one of two ways:

   a) A gift transmittal form is completed (see the forms located at: [http://online.uif.uillinois.edu/Transmittal/](http://online.uif.uillinois.edu/Transmittal/) ) and forwarded along with the gift to the **Illinois 4-H Foundation office in Urbana (1401 South Maryland Drive)** FIRST for review before final processing. **NOTE:** This routing for 4-H is different than explained on the UIF transmittal form. The tax receipt issued by the UIF will provide the value of the gift received and indicate the designation (e.g. county) to which the gift was directed.

   b) The original donor check may be deposited in the unit in/out account, and the unit will then send to the campus Extension Business Office an Extension remittance form and one check for the sum of the donations with a list of donor names, addresses and the amount of each donation. The Extension Business Office will send the check and donor information to the UIF for deposit. The UIF will send an acknowledgment to each donor. The Extension Business Office will record the amount in the Extension Financial System as a payment on agreement that qualifies for match.
2. **Gift-in-Kind Donations**: If a unit receives a Gift-in-Kind (non-cash gifts of tangible real and personal property) a gift transmittal is completed describing the item and listing the fair market value of the item as provided by the donor. The gift-in-kind transmittal (http://online.uif.uillinois.edu/Transmittal/GIK.aspx) is submitted to the Illinois 4-H Foundation office along with any paperwork provided by the donor to substantiate that value (e.g. a copy of the donor’s receipt if a new item was purchased and donated or a letter from the donor stating the item is worth approximately $XX). It is not the unit’s responsibility to value the item; if a fair market value is not readily available, it can be recorded on the donor’s record at $1 to simply recognize the non-cash gift and track what support the donor has provided to the unit. The tax receipt issued by UIF will only describe the item received; it does not list a value.

If a unit receives a discount from corporate vendors for purchases related to a valid 4-H program, those discounts *may* be recorded for recognition purposes on the donor record via UIF, but are generally not tax deductible contributions. The same instructions for recording a gift-in-kind above apply.
Donation of Item(s):

Does the donor want a tax credit for the item(s) they are donating?

NO

Items may become the property of a 4-H member, 4-H volunteer, 4-H club, or Extension Office. Items donated to an Extension Office should be processed according to the UI gift policy at: http://www.obfs.uillinois.edu/gifts/university_received/

YES

Item must become the property of the Extension Office or a qualified charitable Foundation and is a tax deductible donation.

A Gift-in-Kind credit should be issued to the donor, using the gift transmittal form (see page 2 “Gift-in-Kind Donation”).

Items for which the donor wants credit may not be donated to 4-H clubs as they are not considered charitable organizations.

Monetary Gift

Does the donor desire a tax credit?

NO

Funds can be deposited into 4-H Club Checking Account or Extension In/Out account. If the gift qualifies for county board match, a list of the donor and amount should be sent with the In/Out check for deposit to the County Trust account.

YES

Funds must be deposited into a legal 501(c)(3) Foundation Account (County or State) and notification of tax credit issued.

Several Options Are Available:

1. Local qualified charitable Foundation deposits check...issues tax credit to donor...issues check to County Extension Office or Club.

2. IL 4-H Foundation deposits check...issues tax credit to donor...credit made to Extension Office Gift Fund...county requests banner transfer to County Trust Fund.

3. IL 4-H Foundation deposits check...issues tax credit to donor...credit made to Extension Office Gift Fund...county requests banner transfer to County Trust Fund, or funds remain in County Extension Gift Fund for club use.

4. County Extension Office deposits check using option A or B described previously on Page 1.

NOTE: Donations made to the University of Illinois (which includes Extension Offices) or any qualified 501(c)(3) organization are considered tax deductible donations.

*Charitable organizations can receive funds on behalf of a 4-H club, which is not considered a charitable organization.
Scenario #1
Q: A for-profit group wants to donate $200 to “XYZ” 4-H Club and be given tax credit. Who should receive the funds?
A: Inform them that charitable organizations include the Extension Office (because of its affiliation with the University of Illinois), and 501(c)(3) organizations such as the Illinois 4-H Foundation or a County 4-H/Extension Foundation (if it has obtained its status). Any of these charitable organizations can steward the funds so that they support a 4-H Club of the donor’s choice. If the county does not have their own 501 (c)(3) foundation that can issue tax receipt, then it must be processed through the Illinois 4-H Foundation/University of Illinois Foundation via a gift transmittal form http://online.uif.uillinois.edu/Transmittal/ and then transferred to the county’s gift fund or trust fund.

Scenario #2
Q: Our local grocery store wants to give us a discount for purchasing items from their store for a county 4-H event. Are there any specific guidelines to follow?
A: If the grocery store wants gift credit for their discount of a qualified purchase by the County Extension office or the County Foundation, Gift-in-Kind credit should be issued to the store (fill out gift in kind transmittal form http://online.uif.uillinois.edu/Transmittal/GIK.aspx and send to the address listed on form). Same process should be followed if the vendor is willing to give the item at no cost to Extension.

Scenario #3
Q: We have several individual people who are willing to give us money to support our local 4-H fair. Where should we deposit the money?
A: It is best to assume that the individual would appreciate a tax receipt and therefore the funds should be deposited in the local 501(c)(3) foundation or the Illinois 4-H Foundation to be processed by the UI Foundation. This is a targeted gift and not eligible for state match.

Please note, if you have multiple checks, you may deposit several checks and send one check with a list to campus Extension Business Office using method b from page one.

NOTE: Any University of Illinois Employee can access and fill out the University of Illinois Foundation’s Gift Transmittal Forms referred to above. These forms are not password protected.