



Do I Have Time for a 4-H Club Treasury?

A decision-guide matrix for South Dakota 4-H club leaders

Introduction

When a new 4-H club (or affiliate) is in the formation phase, one of the more important decisions made is this: “Should we have a treasury?” Historically, this decision was a simple YES! Most clubs fundraised several hundred dollars a year and put those dollars toward a community service project, club events, and other club business. Having a treasury also gave an elected youth the opportunity to (safely) learn some basic financial management skills. Because 4-H clubs were previously covered by IRS Section 115 status, having a club treasury was easy.

Today, that decision is more complex. 4-H clubs no longer enjoy the ‘ease’ of IRS Section 115 status. Instead, clubs must now establish and maintain their own relationships with the Internal Revenue Service, without any staff support. This takes additional diligence and time. Because time is the most precious commodity a volunteer has, South Dakota 4-H encourages all clubs to consider the implications of this decision during the club formation phase. Simply stated, do you really need a treasury? This guide sheet exists to help club leaders make the best decision.

Those who should probably NOT have a treasury

- “When I was growing up, our 4-H club had a treasury so we should have one.”
- You plan to collect club dues and then distribute those dues right back out into various projects/efforts throughout the year.
- You expect your treasury to maintain only several hundred dollars a year.
- Club leaders lack the time or expertise to interact with the IRS.

Those who must have a treasury

- You plan to receive donations.
- You plan to carry forward a reasonable amount of funds to seed club efforts next year.
- You plan to own equipment.

A matrix showing how much time it will take based on your treasury decision

Club Start-up Responsibilities	No Treasury	Path 1*	Path 2*
File for initial Employee Identification Number (EIN) with the Internal Revenue Service (IRS); online recommended	Not applicable	5 minutes	5 minutes
Establish tax exempt status with the IRS by calling 877-829-5500 if using Path 1 or filing appropriate IRS 1023 series form if Path 2	Not applicable	8-10 hours	2-5 hours
Prepare for and file initial 4-H club Charter of Origin paperwork via the local 4-H office	3-4 hours	3-4 hours	3-6 hours
**If you chose the ‘corporation’ option when filing your Form 1023-EZ or 1023, file initial registration as a domestic nonprofit corporation with the SD Secretary of State’s office	Not applicable	Not applicable	15 minutes
Estimated Start-up Time Commitment Total	3-4 hours	11-14 hours	6-12 hours
*Consult SD4-H procedure document Organizing, Chartering, Reporting, and Disbanding 4-H Clubs or Affiliates for more information on Path 1 vs. Path 2.			

Ongoing/Annual Club Responsibilities	No Treasury	Path 1*	Path 2*
Monthly: Good management of club bookkeeping	Not applicable	1-2 hours	2-10 hours
Annually in October: conduct club financial and/or equipment audit	Not applicable	1-2 hours	2-5 hours
Annually by December: prepare for and file 4-H club Charter Renewal form via the local 4-H office	10 minutes	10 minutes	1-2 hours
**Annually by your filing deadline: only if registered with the SD Secretary of State as domestic nonprofit corporation, file annual registration renewal with them	Not applicable	Not applicable	15 minutes
Annually by May 15: prepare for and file IRS 990N e-postcard if Path 1 or the appropriate IRS 990 series form if Path 2	Not applicable	5 minutes	3-10 hours
Estimated Annual Time Commitment Total	10 minutes	2-4 hours	8-27 hours
*Consult SD4-H procedure document Organizing, Chartering, Reporting, and Disbanding 4-H Clubs or Affiliates for more information on Path 1 vs. Path 2.			

Wrapping up

What do you think? After looking through the fiscal requirements in the matrix above, do you have the time for a club treasury? Will spending that much time on financial reporting create frustration or can you easily manage it? Hopefully this guide sheet opened your eyes to what is on the horizon, and you will make the best decision for you and your club!

Still undecided?

Sometimes new clubs are stuck and have a hard time making this decision. What do we suggest? In most cases, a treasury is unnecessary for the average 4-H club. Instead, we recommend 'pay as you go' when working on club efforts. If you are working together on something large or complex enough that you want to receive donor/business support, consider (kindly) asking the county 4-H leader's association to create a short-term sub-line in their accounts for that specified purpose.

Legal Notice: Although the IRS information contained in this guide sheet is designed to offer general tax information, it is not a substitute for advice obtained from the IRS or a qualified tax professional. The information in this section is subject to change or further interpretation by the IRS or other tax authorities and/or SDSU policy updates. SDSU 4-H personnel do not assist with tax-exempt matters.