2015-2016
TEXAS 4-H
CLUB/GROUP
INSTRUCTIONS FOR ESTABLISHING
NEW CLUBS AND CHARTERING
INTRODUCTION
The Texas A&M AgriLife Extension Service is committed to protecting its 4-H program, its members, the 4-H name and emblem in Texas and the country. This protection comes through the commitment and requirement for all county, district, region, and state level 4-H clubs and groups to have current charters and understand the value of those charters.

Chartering 4-H clubs and affiliated groups, or granting permission for groups to operate in the name of 4-H, dates back many decades. Texas 4-H began to charter all clubs and affiliated groups in 2003 following a directive from National 4-H Headquarters at USDA.

With changes at the national level, chartering is now state-based. As a result, all Texas 4-H clubs/groups must charter to receive permission to operate and use the name/emblem of 4-H.

More specifically, this document provides an overview, as well as instructions for both county offices and club/group leadership, to understand the need and requirements for chartering a 4-H club/group in Texas.

PURPOSE OF ESTABLISHING AND CHARTERING A 4-H CLUB/GROUP
Chartering is a legal process which allows faculty to verify the financial status, business (with list of officers, volunteers, etc.) and legal documentation for each group operating in the name of 4-H. The chartering of a local 4-H club or group by the Texas 4-H Office allows the club or group authorization to use the 4-H name and emblem, and be recognized as an Internal Revenue Service 501(c)3 not-for-profit group under the umbrella of Texas 4-H, Inc.

WHAT IS A CHARTER?
A 4-H charter is a “permit” issued annually for use of the 4-H club name and emblem. It allows a group to function with all the rights and privileges of 4-H membership. Once a club/group is officially chartered, the county office can download a letter from 4-H CONNECT with the club name and 4-H year to validate their charter recognition for the 4-H 2015-2016 year.

WHO MUST BE ESTABLISHED AND CHARTERED IN ORDER TO USE THE 4-H NAME AND EMBLEM?
In Texas, all 4-H community, project, and activity clubs, SPIN clubs, or groups must be annually chartered. For a club/group already established under Texas 4-H, Inc., the chartering process should be completed by July 15th of each year. Examples of groups which must be chartered include, but are not limited to:

- County 4-H Council
- County Volunteer Leaders Association
- County 4-H Booster Club
- County 4-H Clover Kids Groups
- County 4-H Ambassador Program
- District 4-H Program Development Committee
- District 4-H Council
- District Volunteer Leaders Association
- Texas 4-H Council
- Texas 4-H Youth Development Foundation
- State and District AE4-H Associations

Groups, or organizations, who wish to use the 4-H name and emblem but are not under the direction of Extension and have an independent board of directors should be issued a memorandum of understanding (MOU) regarding use of the 4-H name and emblem. Examples would be stock show boards, other 501(c)(3) 4-H foundations, private foundations or fund raising groups. The letter would come from the County Extension Agent granting permission to use the name and emblem if their work is in the best interest of the local 4-H program. See example of MOU letter.
REQUIREMENTS TO ESTABLISH A NEW CLUB/GROUP OR CHARTER AN EXISTING 4-H CLUB OR GROUP IN TEXAS

Below are the minimum requirements necessary for establishing/chartering a club or group under Texas 4-H, Inc. County Extension Offices may have additional requirements related to financial records, audits, membership, etc.

Charter Application

Every club/group must submit an online chartering application through the Texas 4-H CONNECT system (it will show up as an EVENT under ADULT profiles called: 15-16 CLUB ESTABLISHMENT AND CHARTERING). The form, and necessary uploads, can be completed by either the county Extension office or the club/group manager. (The county Extension office will decide the procedure each county will follow.) Once the charter application has been completed and required documents uploaded, the club manager/county office will submit for review at the county and then the state level.

EXAMPLE LETTER

MEMORANDUM OF UNDERSTANDING - USE OF 4-H NAME and EMBLEM

Produced on Agency Letterhead

<Date>
<To>
<Address>

Dear _______________________,

This letter summarizes an agreement between the _______ County 4-H Program and the _____________. This group is authorized to use the 4-H name and emblem in support of the ______ County 4-H program. The authorization period is from ______ to _________.

We, the undersigned, sign this agreement with the understanding that:

1. The group will conduct business and practices that are in the best interest of the _______ county 4-H program and enrolled youth.

2. Should this group dissolve, any funds that are raised in the name of 4-H or through use of the 4-H name and emblem or any equipment/asset purchased by the group, will become the property of the _______ county 4-H program.

3. This agreement may be revoked if the group conducts any practices that are not in the best interest of the 4-H program.

4. The 4-H name and emblem will be used in accordance to National 4-H Headquarters rules and guidelines.

Signed:

________________________________    _____________________________
County Extension Agent      Organization Official

_________________________________                              _____________________________
Date        Date

Joe Brown, CEA-4-H
Texas A&M AgriLife Extension Service
123 Main Street
Anytown, TX 12345
Phone: 123-456-7890     E-mail: agentjoe@ag.tamu.edu

NEW FOR 15-16:
To set up a new club or charter an existing one, log into 4-H CONNECT under your profile and look for the event called: “15-16 Club Establishment and Chartering.”

County offices or club managers can charter clubs online!
A worksheet has been created and provided to assist the agent and volunteer in collecting and organizing all required information for the online form.

FOR A NEW CLUB/GROUP TO BE ESTABLISHED OR A CLUB/GROUP TO BE CHARTERED, THE FOLLOWING MUST BE MET:

General Information Requirements
- Club/Group Information - name, contact, address, city, website, and affiliation.
- Meeting information - day of month, location, time, etc.
- Certification of officers and adult leadership (managers, etc) which match those outlined in club/group bylaws.
- Financial Information - if the club/group has a bank account, list name of financial institution, city/state, phone number, type of account, and account number. This will need to be provided for each account held by the club/group. The Employer Identification Number (EIN) will need to be provided, as well as the date of the most recent financial review of accounts (a review needs to be completed annually for all accounts).
- Record of filing last years IRS 990 forms (existing clubs)
- Five or more members from at least two different families.

Youth and Adult Leadership
- New clubs - it is strongly encouraged before a new club/group is established that the club be able to remain in operation for at least five years.

Bylaws
- A complete set of bylaws must be provided which includes a dissolution clause indicating residual dollars and resources (assets) purchased through the club will become property of the county 4-H program should the club/group dissolve.
- The list of officers and their duties should match the list of officers elected annually.
- Bylaws are required to be uploaded annually.

Employer Identification Number or EIN
- Upon the 4-H club/group being established they must apply, and receive, an Employer Identification Number (EIN), from the Internal Revenue Service.
- All EIN’s are applied for and received through the Internal Revenue Service.
- No club/group will be chartered without an EIN (exception is military 4-H Clubs).
- 4-H clubs/groups who are being chartered within, and as part of, school districts, children’s homes, or other organizations, can use the parent organization’s EIN, but will not be under Texas 4-H, Inc for their not-for-profit status.
- For additional information on applying and managing a 4-H club/group EIN refer to the information provided in later section.

Budget
- Each 4-H club/group who has a bank account or accepts, disburses, and/or manages any monies during the 4-H year must present an annual budget.
- The approved budget must be included in the annual chartering information.
- The complexity and detail of the budget is up to the club and amount of funds managed annually.

Bank Accounts/Information
- Annually, the 4-H club/group will provide a copy of the most current bank statement for each of the accounts the club/group manages.
- Bank account requirement - all bank accounts require two signatures, one youth (club treasurer) and one adult (club manager) and these individuals must be from different families. Verification of account activity and/or signature card may be requested at any time by Texas A&M AgriLife Extension Service or Texas 4-H, Inc.

Annual Review of Finances
- Annually, the 4-H club/group will conduct a financial review of all funds. This review will be conducted by adults not associated with the club/group and the review will be provided as part of the chartering process. This may mean that the financial review is conducted during the year, and not at the end or beginning of the fiscal year.
- Once a review time has been established, the club/group is encouraged to remain on that review schedule for following years.

REVOKING OF A CHARTER FOR A CLUB/GROUP
County Extension Agents may request a 4-H Charter be revoked if clubs are not following Texas A&M AgriLife Extension Service, Texas 4-H, Inc., and/or National 4-H Headquarters procedures. Examples include, but are not limited to, clubs that do not meet the minimum number of members requirement, no enrolled adult volunteers, not submitting requested paperwork in a timely fashion, members not enrolled on 4-H CONNECT, lack of financial accountability, not submitting a IRS990 for three (3) consecutive years regardless of club having money, etc. The Texas 4-H Rules and Guidelines provide more information on revoking 4-H club charters.

PROCESS FOR CHARTERING A 4-H CLUB/GROUP
Below are the steps for completing the chartering process:

1. County 4-H Coordinator should meet with club/group leaders annually to explain the requirements for club/group chartering. (Can be most effective incorporating it into club manager/project leader trainings conducted during this period.)

2. County Extension Agents should distribute necessary information along with a deadline date for all information to be submitted back to County Extension Office to club managers/project leaders. (State deadline for chartering an existing club is July 15th, so county deadline should be established early to allow for any follow-up and “late” submissions.)

3. Club managers/project leaders responsible for club/group will complete worksheet and gather all information needed for the chartering process. Information will be scanned into pdf format by either the club manager or county office. (Smart phone apps such as Genius Scan can be used for taking scans of documents and submitting).

   Information required to be collected, scanned into one (1) pdf file, and uploaded during application process:
   - Bylaws for all new club/groups or for existing club/group and revised bylaws.
   - Budget for all club/groups who have money/bank account(s).
   - Bank Statement(s) for all club/groups who have funds.
   - Annual Financial Review Form for all existing clubs more than 6 months old and who have bank account(s).

4. For new club/group you must also upload into a separate upload area a copy of your EIN verification letter from the IRS. Any club/group that has had to request a NEW EIN you will need to upload the new verification document as well.

5. Once chartering information is gathered and scanned into a pdf format file, either the County Extension Office or the club manager can log into 4-H CONNECT and complete the Club Establishment and Chartering event under their adult profile (it is listed as an event).

6. Once all information is complete and documents uploaded, the charter will be submitted. The county Extension office will then review all the information to ensure 100% correctness and completeness. (COUNTY AGENT/OFFICES: This is completed the same process as an event).

7. Once reviewed on the county level and submitted, the application will be reviewed at the state level. If complete, the state office will accept charter and turn club from CLOSED to CHARTERED in 4-H CONNECT. This will then allow 4-H members and adults to enroll under that club.

8. If information is incorrect or incomplete, it will be returned back to the person who submitted the application with an explanation of corrections needed. During this time, the club/group will remain unable to enroll by youth and/or adults.

NOTE: Clubs/groups will not be visible for enrollment for youth and/or adults until the club has been fully chartered for the 2015-2016 4-H year!

NOTE: Select the “club type” of 99 for those clubs/groups that need to be chartered but you don’t want listed under your list of clubs in 4-H CONNECT. These include: 4-H Council, Adult Leaders Associations, Youth Boards, etc.
TIMELINE FOR ANNUAL CHARTERING OF A 4-H CLUB/GROUP

May
- County Extension Agent (4-H Coordinator) meets with Club Managers and distributes information for annual chartering process.

May 15th-July 15th
- Club managers complete charter application and provide application, bank statement(s), and budget to County Extension Office.
- A revised set of bylaws are provided
- County Extension Office uploads all documents in a pdf format into club area of 4-H CONNECT.

July 16th
- All 4-H Clubs in Texas will go to a “CLOSED” status in order for the review process to start.

July 16th-August 14th
- State 4-H Office reviews club charter application and supporting documentation. Clubs having all chartering information complete and correct will have status changed to “Chartered.”

August 15th
- 4-H enrollment opens for new 4-H year and youth can sign up for 4-H only in clubs which have been chartered and are active.

August 15th-October 1st
- Chartering letters uploaded to 4-H club/group in 4-H CONNECT.

September 15th - January 15th
- Filing of Club/Group 990 Forms with IRS by ALL clubs/groups.

HOW TO ENSURE CHARTERING OF YOUR CLUB/GROUP WITHOUT DELAYS
- Ensure the name of the 4-H club/group, the name of the club bank account, and the IRS EIN verification letter match exactly. If they do not match, either the club manager and/or County Extension Agent needs to work to correct the issue and ensure consistency among all documents.
- Do not upload blank pdf documents!
- If the club has a budget, but no bank account then a detailed explanation needs to be written and uploaded. Note: It is highly recommended that any club/group which receives any funds throughout the year have their own bank account and is not co-mingling funds with any other club/group/person.

BEST PRACTICE MANAGEMENT TIPS/HINTS FOR THE EMPLOYER IDENTIFICATION NUMBER

Information gathered from IRS publication 1635 (Revised 4-2011): “Understanding Your EIN”

An Employer Identification Number (EIN) is a nine-digit number the IRS assigns in the following format: XX-XXXXXXX. It is used to identify the tax accounts of employers and certain others who have no employees. The IRS uses the number to identify taxpayers that are required to file various business tax returns. EINs are used by employers, sole proprietors, corporations, partnerships, non-profit associations, trusts, estates of decedents, government agencies, certain individuals, and other business entities. Clubs should use their assigned EIN on all of the items that are sent to the IRS pertaining to the 4-H club/group.
**EIN Number and Tax Exempt Organizations (4-H)**

**IRS Section 501(c)(3) Organization**

This is an organization that is organized and operated exclusively for one or more of the following purposes: charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition (but only if none of its activities involve providing athletic facilities or equipment), or the prevention of cruelty to animals.

Contributions to domestic 501(c)(3) organizations, except organizations testing for public safety, are generally deductible as charitable contributions on the donor’s federal income tax return.

**Group Exemption Letter:** A group exemption letter is a ruling or determination letter issued to a central organization recognizing, on a group basis, the exemption of subordinate organizations on whose behalf the central organization has applied for recognition of exemption. A central organization is an organization that has one or more subordinates under its control. A subordinate organization is a chapter, local, post, or unit of a central organization. For 4-H clubs/groups in Texas this Group Exemption Letter is issued to Texas 4-H, Inc., with each 4-H club/group filing under their group exemption number. The group exemption number, or GEN, for Texas 4-H, Inc. is 5932.

**Which Form Do I Submit**

Exempt organizations usually file a Form 990 series return plus other returns that apply (such as employment or excise tax returns). The exempt organization forms which Texas 4-H will use are listed below:

<table>
<thead>
<tr>
<th>Form Number</th>
<th>Form Name</th>
<th>Who Should Use this Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form 990-N</td>
<td>e-Postcard</td>
<td>Clubs/Groups who have made under $50,000 in gross revenues for the year.</td>
</tr>
<tr>
<td>Form 990</td>
<td>Return of Organizations Exempt From Income Tax</td>
<td>Clubs/Groups who have made over $50,000 in gross revenues for the year.</td>
</tr>
<tr>
<td>Form 990-EZ</td>
<td>Short Form Return of Organization Exempt From Income Tax</td>
<td>Clubs/Groups who have made over $50,000 in gross revenues for the year.</td>
</tr>
</tbody>
</table>

**Exempt from Federal Income Tax**

Except for private foundations, which must file Form 990-PF annually regardless of gross receipts, an exempt organization that normally has $50,000 or more in gross receipts must file an exempt organization information return Form 990, Return of Organization Exempt from Income Tax, whether or not the organization has formal tax exempt status. Most organizations not required to file a Form 990/Form 990-EZ or Form 990-PF are required to submit a Form 990-N, e-Postcard.

**TEXAS 4-H, INC AND EIN NUMBERS**

Below are the suggested best practices for county Extension agents/offices, club managers, and/or other volunteers responsible for the financial management of the 4-H program to use in the various situations.

**New 4-H Clubs/Groups and EIN’s**

For new 4-H clubs/groups forming within the Texas 4-H Youth Development Program regards that you file and have an EIN prior to being chartered. EIN’s can be applied for through the IRS.gov website (do not use a .com, .net, or other site). Once you apply via the IRS.gov website you will receive your EIN immediately. You can then download, save, and print your EIN confirmation notice. The group exemption number, or GEN, for Texas 4-H, Inc. is 5932.
Other Issues a Club/Group May Experience Related to EIN’s

- **Lost EIN.** You can contact the IRS at 800-829-4933 during the operation hours of 7 am to 10 pm, Eastern time. The assistor will ask you for identifying information and provide the number to you over the telephone number, as long as you are the person who is authorized to receive it. Once you receive it, ask if a letter verifying the number can be mailed to the address listed, or change address to that of the county Extension office.

- **Cannot Locate the EIN or Person Who is Contact on EIN.** If you know that your club/group has an EIN but cannot locate the number, the person associated with the EIN, or any other information pertaining to the number, then you will need to file for a new EIN and the steps listed under the New Clubs and EIN section can be followed. When re-filing for a new EIN list the county Extension office as the mailing address, with the current club manager/treasurer as the contact, to prevent future issues.

**ACCEPTED DOCUMENTATION FOR 4-H CLUB/GROUP EIN**

One of the requirements for chartering a 4-H club/group is to be able to verify the club/group EIN. The Texas 4-H Youth Development Program and Texas 4-H, Inc. will accept one of two forms of verification for this process. The two accepted documents are:

- **Internal Revenue Service Determination Letter (see sample).** This letter is provided by the IRS upon a club/group applying for an EIN. The letter will indicate the name of the club/group, the contact person, and the EIN.

- **Confirmation of an ACCEPTED 990 Filing.** If your club/group has been able to use the on-line electronic filing of your annual form 990-N (e-postcard) and it was **ACCEPTED**, you may use the accepted confirmation as EIN verification. Make sure the verification has the name of the group and the EIN listed on the confirmation.

**Suggested Steps to Acquire a Copy of the IRS Determination Letter**

1. Contact the club/group manager and/or treasurer and first see if they have the determination letter that was sent from the IRS when the EIN was initially requested. **IF THEY HAVE IT, THE PROCESS IS COMPLETE. IF NOT, PROCEED TO STEP 2!**

2. If the club/group manager and/or treasurer does not have the determination letter, try to determine who was the original contact (person who filed for the EIN). If you can find this person, ask them to call the IRS and ask for another determination letter for the club/group. **HINT:** Have the contact person update the contact name and the address of the EIN. You may use the County Extension Office address on the EIN, but have the current club/group manager as the contact individual. **IF YOU ARE ABLE TO GET THE EIN CONTACT TO HAVE ANOTHER DETERMINATION LETTER SENT AND UPDATED WITH CURRENT CONTACT NAME AND ADDRESS, THE PROCESS IS COMPLETE! IF NOT, PROCEED TO STEP 3!**

3. If you do not know who the contact for the EIN is, or if they are no longer involved in the program (or cannot be located), then the best option is to apply for a new EIN using one of the methods explained on the previous page.

**EIN TIP:** If a club/group has to apply for a new number, or contact the IRS, it is a best practice to update the contact with the new club manager/treasurer and list the contact address as the County Extension Office so any future correspondence will be sent to the County Extension Office.

**TEXAS SALES TAX AND 4-H CLUBS/GROUPS**

Currently, all Texas 4-H clubs/groups are required, by Texas law, to pay state sales tax on any purchases of goods, equipment, and supplies purchased. The only exception to this rule is if a 4-H club/group has applied for, and received, a Texas Sales and Use Tax Permit through the
Texas Comptroller of Accounts Office in Austin, Texas. A 4-H club/group is not allowed to use the County Government or other entities Texas Sales and Use Tax Permit to purchase goods, equipment, and supplies. If a 4-H club/group has acquired a Texas Sales and Use Tax Permit on its own then the 4-H club/group is legally responsible for filing all required monthly, quarterly, or yearly documentation directly to the Texas Comptroller of Accounts.

The use and granting of a 4-H Club/Group 501(c)(3) status through Texas 4-H, Inc. only applies to the **EXEMPTION OF FEDERAL INCOME TAX**, and **NOT** state sales tax.

**SALES TAX TIP:** In many cases when only a few purchases are being made each year, it is much easier to pay the Texas sales tax, than applying for and maintaining required documentation and filings. For more information about Texas state sales tax, please refer to the Texas Comptroller of Public Accounts sales tax website at: [www.window.state.tx.us/taxinfo/sales/](http://www.window.state.tx.us/taxinfo/sales/).