



FINANCIAL GUIDELINES

FOR 4-H & MASTER GARDENER GROUPS

UofA

**DIVISION OF AGRICULTURE
RESEARCH & EXTENSION**

University of Arkansas System



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Master Gardener groups and 4-H clubs are arms of the University of Arkansas System Division of Agriculture - Cooperative Extension Service that assist in the delivery of Extension programs. As such, Extension is responsible for how club and group activities are conducted and reported. The primary purpose of this document is to provide guidelines for county Extension personnel to use when handling financial and compliance issues related to 4-H clubs and Master Gardener groups. This document carries the same weight as UACES policies and, therefore, failure to comply can result in disciplinary action up to and including termination.

The Arkansas Extension Homemakers Council (AEHC), the 4-H Foundation, and any other separately incorporated organization are not covered by these guidelines.

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I. Background

1. The University of Arkansas System Division of Agriculture - Cooperative Extension Service (hereinafter referred to solely as "UACES") has a responsibility to conduct its programs in such a way as to maintain the public trust and safeguard the positive image of the organization. Because so many UACES programs are delivered in conjunction with local volunteers, it is imperative that all parties understand their roles and responsibilities regarding UACES activities.
2. Recent events require that UACES clarify and communicate its relationship with Master Gardener groups, 4-H clubs, and other affiliated organizations used to deliver its programs. These events include the decision by the United States Department of Agriculture (USDA) to cease providing federal income tax exempt status to 4-H clubs and county 4-H foundations through their affiliation with USDA. Only funds from gifts and donations may be deposited in UACES-related foundations. Funds generated through UACES programs must be deposited in and expended through UACES accounts. This position has been taken by auditors in relation to audits of other state agencies and can be found in audit reports published by the Division of Legislative Audit. Finally, and most importantly, UACES Administration wants to ensure that programs and related funds are handled consistently by its groups and affiliated organizations throughout the state.

II. Relationship with Groups and Affiliated Organizations

A. Incorporated Organizations

1. Affiliated organizations that have incorporated with the Arkansas Secretary of State's Office and/or have obtained separate 501(c)(3) status from the Internal Revenue Service are legally separate entities that are not considered extensions of the core UACES organization. Therefore, these entities have their own management and operational guidelines. However, to use the University of Arkansas program materials or logos, the entities must have a current, legally-executed Memorandum of Agreement with UACES. This MOA will describe the relationship between UACES and the legally separate entity, as well as, the roles and responsibilities of each. (Extension Homemakers; as well as, 4-H foundations, the Arkansas 4-H Adult Volunteer Leaders' Association, Inc., the Arkansas 4-H Alumni Association; and Master Gardener 501(c)(3) organizations fit into this category.)

NOTE: Whether activities of these legally separate entities are exempt from sales or income tax are questions to be addressed by each such entity. UACES management takes no responsibility for determining or defending such status and will not provide legal, tax, or accounting services of any kind.

B. Unincorporated Organizations

1. Unincorporated Master Gardener groups and 4-H clubs (hereinafter referred to solely as “Groups”) are arms of UACES. Therefore:
 - a. Group members and volunteers must follow UACES guidelines as outlined in this document and elsewhere in UACES policies and guidelines, including those for handling cash and making expenditures.
 - b. The designated Group officer shall submit a list of officers to the staff chair or designee for review and approval. This includes submission of 4-H officers on 4-H Online. In addition, the designated Group officer shall submit the most current, signed document as follows:
 - 4-H – Volunteer Agreement
 - MG – Memorandum of Agreement (MOA)
 - c. Master Gardener and 4-H Groups enjoy the same federal income tax exempt status as UACES. This means that Group funds are exempt from income tax and no financial reporting to the IRS is required. See [General Counsel’s letter regarding IRS status](#).
 - d. Group volunteers must act in a professional manner consistent with the educational mission of the UACES.
 - e. Group volunteers must comply with all federal and state laws and regulations pertaining to volunteer organizations and must adhere to all civil rights laws, including open access to membership and programs.
 - f. For all monies deposited in Group bank accounts, volunteers must provide UACES with periodic reports of financial activities, including a prescribed set of year-end reports.
 - g. New Group bank accounts will be opened for Master Gardener or 4-H Groups only with the approval of the District Director. If approved, the staff chair must contact the Chief Operating Officer for the proper authorization.
 - h. Non-compliance of Group bank accounts with the guidelines set forth in this document may result in the Group bank account being closed.

NOTE: Any questions or concerns regarding anything in this document should be directed to the staff chair or designee and/or the District Director. If contacted by a state or federal agency, please refer them to the staff chair and/or the District Director.

III. Types of Funds

A. Programmatic Funds

1. Programmatic money is revenue generated through efforts often as a result of UACES personnel planning, supervising, and/or conducting UACES programs, including many Master Gardener and 4-H activities. Programs that generate funds in this category are typically educational in nature.

- a. **Must** be deposited in UACES bank accounts, such as county depository account or the UACES general operating bank account.
- b. **Must** be expended in accordance with state laws, such as purchasing and sales tax regulations, and UACES policies.
- c. **Must** be managed and reported according to UACES policies.

NOTE: Deposits of federal, state or other programmatic funds in Group bank accounts are prohibited.

B. Non-programmatic Funds

1. Non-programmatic revenue is money generated from activities other than those directly related to the delivery of UACES programs and the fulfillment of its mission. Activities in this category are often fund-raising in nature. Examples include, but are not limited to, money derived from donations, local dues, fund-raising activities, or fees collected to support social activities of group members. Because these funds are generated in the name of UACES organizations, some financial oversight by, and reporting to, UACES is required.
 - a. **May** be maintained in local Group bank accounts and administered by Group officers or may be deposited in the county depository account.
 - b. **May** be deposited in a 4-H foundation. Funds deposited in foundations must be attributable to donations, without any specific performance or reporting required by the donor.
 - c. Groups exceeding the following thresholds will be reviewed carefully by the Chief Operating Officer and may be contacted for further information or discussion.
 - Revenue Threshold = \$5,000 per activity and \$10,000 annually
 - Asset Threshold = \$5,000 cash and \$10,000 total assets

NOTE: All funds raised in the name of 4-H or Master Gardeners must be used only for appropriate and authorized purposes.

IV. Revenue

4-H

Examples of Programmatic and Non-programmatic Funds*

Funds Deposited – UACES Accounts – Programmatic	Funds Deposited – Group Accounts – Non-programmatic
Gifts / Donations / Memorials, if tax receipt Required or \geq \$250	Gifts / Donations / Memorials, if no tax receipt required and less than \$250
Conference/Seminar Fees Collected	Bake Sales
Registration Fees Collected for Training Events	Cookbook Sales
Poultry Auction	Calendar Sales
	Proceeds from Raffles
	Proceeds from T-shirt Sales
	Proceeds from Other Fundraising Activities

Master Gardeners

Examples of Programmatic and Non-programmatic Funds*

Funds Deposited – UACES Accounts – Programmatic	Funds Deposited – Group Accounts – Non-programmatic
Gifts / Donations / Memorials, if tax receipt Required or \geq \$250	Gifts / Donations / Memorials, if no tax receipt required and less than \$250
Calendar Sales	Bake Sales
Conference/Seminar Fees Collected	Cookbook Sales
Garden Tour Fees Collected	Garden Tool Sales
Registration Fees Collected for Training Events	Local Dues
Collections to Pay for Workshop Supplies	Plant Sales
	Proceeds from Raffles
	Proceeds from T-shirt Sales
	Social Activity Fees Collected
	Proceeds from Other Fundraising Activities

*Call Financial Services for classification of activities not listed.

NOTE: All non-programmatic funds may be deposited in UACES accounts. However, programmatic funds are prohibited from being deposited in Group bank accounts.

V. Handling of Funds (other than grants)

1. For clarity, the following terms will be used to distinguish between both where funds are accounted for and where they are maintained for banking purposes.

- a. **Group Bank Account** – Local checking account maintained by Group volunteers to manage non-programmatic funds.
- b. **County Depository Account** – Bank account maintained by UACES personnel, primarily used to manage programmatic money.
 - **Quicken Accounts** – Accounting record in Quicken (**not a bank account**) used to track funds in Quicken software within the county depository account. This allows separate reporting for each Group.

VI. Receipts & Deposits

A. **Funds Collected by Group Volunteers**

1. Groups must adopt procedures for handling the collection and disbursement of non-programmatic funds.

At a minimum, those procedures must include the following:

- a. Group personnel should issue receipts and/or maintain a list of participants for all non-programmatic funds collected.
- b. The receipt or participant list should identify the source or purpose of the funds, amount, date, and payment method (cash, check, money order).

NOTE: Do not use the official receipt book furnished by UACES for receipt of funds that will not be deposited into a UACES bank account.

- c. Funds should be adequately safeguarded and deposited regularly, with cash on hand kept to a minimum as defined by the staff chair.
 - d. A [Record of Deposit](#) form may be completed and should match the deposit slip that is sent to the Group bank with the money. This form is not required but recommended as a best practice.
 - e. All documentation should be retained for four years after the date of the transaction. Records for Group bank accounts may be kept by the Group officers or volunteers.
2. If Group volunteers collect **programmatic** funds, the Group treasurer should complete a [Record of Deposit](#) form and forward the form, money, and all documentation to the county office for deposit. The county office will issue a receipt from the official receipt book and make the deposit.

NOTE: If the staff chair prefers, the Group treasurer may prepare the deposit, take it to the bank, and submit the validated deposit bank slip along with the Record of Deposit form and related documentation to the county office. Upon receipt of the bank deposit slip, the county office will issue a receipt from the official receipt book.

3. ***In most cases, a Quicken record will be established for each UACES Master Gardener and 4-H Group within a county. Therefore, if a Group desires more detailed records, it is the responsibility of the Group treasurer to maintain that information.***

Form & Link: [Record of Deposit Form](#)

B. Funds Collected by UACES

1. Office support personnel maintain a receipt book furnished by UACES and issue receipts for all money collected and deposited in the county depository account.

NOTE: A receipt from this book should be issued ONLY for funds being deposited in a UACES bank account. See County Quicken Accounts Procedures Manual.

2. Programmatic money should either be sent to Financial Services to be deposited into the UACES operating bank account or should be deposited into the county depository account in accordance with the [County Quicken Accounts Procedures Manual](#).
3. If **non-programmatic** funds that are to be deposited in the Group bank account are collected by UACES personnel, a Record of Deposit form should be completed and a copy of the form should be forwarded with the funds to the Group treasurer for deposit.

Form & Link: [Record of Deposit Form](#)

Link: [County Quicken Accounts Procedures Manual](#)

VII. Expenses/Check Writing

Examples of Expenses Paid from County Depository Accounts vs. Group Accounts*

Payments from County Depository Accounts	Payments from Group Accounts (May also be from Depository Account)
Demonstration Supplies for Workshops	"Cookies & Punch"
Meals & Refreshments for education events (requires FIN 214 & List of registrants/attendees)	Meals & Refreshments for club/group meetings
Master Gardener Conference	Awards
4-H Camps	Social/Recreational Activity
4-H O-Rama	Ammunition & Targets for 4-H Shooting Sports Clubs
Scholarships	
Books & Curriculum	
Expenditures Requiring a Contract	
Poultry Projects	

*Call Financial Services for classification of activities not listed.

A. Expenses paid from County Depository Accounts vs. Group Accounts

1. In general, it is preferable for expenditures in direct support of programs to be paid from the county depository account. If Group accounts have sufficient funds, payment for some programmatic expenses may be made from Group accounts. However, there are certain types of expenditures that must be made from county depository accounts. These are:
 - a. Payment of registration fees where the County Office or State Office is handling the registration.
 - b. Payment for the Master Gardener leadership conference.
 - c. Payment of college scholarships.
 - d. Any individually large expenditure.
 - e. Any expenditure requiring a contract.
2. If it is desirable to use Group funds to support the activities listed above, the Group should write a check to the County office for whatever portion of the expense the Group wants to fund. Then, a payment for the entire cost of the event or scholarship will be made from the County account.

B. Purchase & Reimbursement Procedures

1. If expenses are to be paid or reimbursed from the county depository account, there must be sufficient funds available in the Group's Quicken Account to support the expenditure. Because reimbursements are limited to available funds, volunteers and UACES personnel should verify the account balance prior to making purchases for which they will seek reimbursement.
2. Make sure you are purchasing from the proper fund and org numbers because transfers between funds will not be allowed after the purchase is complete, with the exception of grants.
3. Reimbursement cannot be made for any personal items.
4. To spend money from the county depository account, the Group treasurer, president or volunteer leader should submit a Check Request form and appropriate supporting documentation to the county office support person.
5. The staff chair (or other UACES official) and the requestor of the check will sign the Check Request form.
6. The county office support person prepares a check and submits the check along with supporting documentation to the staff chair for signature. Checks issued from the UACES State Office will follow normal check writing procedures.
7. Volunteers and UACES personnel seeking reimbursement for expenses must have proper receipts for payments made in support of the authorized program and/or Group activities.
8. ***Purchases and reimbursements made from UACES accounts must follow all State of Arkansas and [UACES purchasing guidelines](#). Group volunteers should follow sound purchasing practices and report all purchasing activities to UACES through the required year-end reports. All expenditures should be supported by proper receipts which are***

maintained by the Group for four years and available for review at any time during that period.

9. Expenses to be paid from the Group bank account should follow Group cash disbursement guidelines, including check writing/signing guidelines.
10. To order supplies and other items that are to be charged to the county depository account use fund number 13823 and your county org. Office supplies should be purchased through the state contract vendor.
11. Prior to the purchase of approximately \$5,000 or more to be paid by an UACES account, contact the UACES purchasing office.

Link: [Financial Services/Purchasing web page](#)

Link: [Financial Services FAQs](#)

Form & Link: [UACES Check Request Form](#)

C. Travel Expenses

1. **Do not write a county check for travel expenses.** Travel cannot be paid directly from the county depository account. However, county depository account funds may be used (fund number 13823) but all UACES travel policies must be followed.
 - a. A travel authorization must be on file in Financial Services before a travel claim may be submitted for reimbursement.
 - b. Complete the travel authorization and secure the signatures of approval by the required managers.
 - c. The travel authorization must be received at the State Office (State District Director's office) at least two weeks prior to the beginning travel date.
 - d. If reimbursement is required for a non-Extension employee, the TRAV-229 Travel Authorization for Non-Extension Employees and Guests must be completed and submitted prior to travel pursuant to UACES travel policy.

D. Hotel/Motel Expenses

1. There are several methods of preferred payment for hotel/motel expenses.
 - a. Personal reimbursement can be made to the agent or volunteer after submission of proper documentation and forms.
 - b. A travel card (Tcard) may be used for hotel/motel rooms by contacting the district secretaries in the District Office.
 - c. Direct billing can be set up; however, this method takes a considerable amount of time prior to travel.

E. Group Travel & Meal Expenses

1. When travel expenses are to be paid for a guest or a group of an Extension program or activity, approval must be obtained in advance of the travel. The TRAV-229 form (Request for Payment of Travel Expenses for Non-Extension Employees and Guests) should be submitted for approval.

One TRAV-229 may be completed for the entire group by indicating “see attached” for the names and including a spreadsheet with each individual’s information. If the travel will be out-of-state, a TRAV-210 (Out of State Trip Application) should also be completed and approved prior to the trip. All required forms should be submitted at least two weeks prior to the date of travel.

NOTE: Group travel expenses cannot be paid directly from county depository accounts.

Group Travel Advances

1. It is recommended to use direct billing, p-card, or departmental t-card for expenses related to group travel. If this option is not available, an employee may be advanced 90% of the estimated expenses for overnight out-of-state group travel. To request an advance for overnight out-of-state group expenses, the employee should complete a TRAV-210 and a TRAV-229 and submit for approval. On the TRAV-210 form, check the box for a travel advance and indicate in the remarks section an advance is necessary for group travel. To ensure the request can be processed in a timely manner, the approved forms and documentation should be submitted to Financial Services at least **two weeks before** a trip.
2. Upon receipt of the approved forms, Financial Services will send a travel advance agreement to be signed by the requestor and returned to Financial Services. Following receipt of all required paperwork, Financial Services will issue the travel advance, normally a few days before the trip.
3. Following the completion of the trip, the traveler should submit the TRAV-207 (In-State/Out-of-State Travel Reimbursement Form). Additionally, itemized receipt(s) and the corresponding FIN-214(s) for group meals should be submitted. The amount of the travel advance will be netted against the actual expenses.

Group Meals for Program Events

1. The following rules relate to group meals that are part of a planned program event, regardless of whether out-of-state travel is involved.
2. Group meals can be paid through the requisition/PO/invoice process, a personal reimbursement, or a CES p-card.

NOTE: Regardless of payment method an itemized meal receipt is always required.

3. Any gratuity, regardless of description, shall not exceed 15% of the total bill.
4. An approved FIN-214 must be submitted with the itemized receipts.
5. The state prohibits the reimbursement for the costs of alcoholic beverages.

NOTE: If employees are participating in the meal and are in travel status, special rules apply. Please see CES policies and/or discuss with Financial Services.

F. Vehicle Rental

1. For use of an Extension van, contact Facilities Management prior to completion of the TRAV-204 Request for Use of Extension Van.
2. For vehicle rentals from a third party, such as a rental car, tour bus, school bus, etc., contact the purchasing manager at the State Office.

NOTE: A Memorandum of Agreement (MOA) signed by the Associate Vice President for Agriculture - Extension or the Chief Operating Officer is required if paying mileage or paying a driver of a tour bus or school bus, etc., if not covered by the bus contract.

G. Speaker's & Judge's Honorariums

1. A Memorandum of Agreement (MOA) with the speaker, or 4-H Judging Agreement (signed by the Associate Vice President for Agriculture – Extension or the UACES Chief Operating Officer) and IRS form W-9 are required prior to the event. A 1099 will be sent at the end of the year.
2. A requisition is required if using the county account (fund 13823) or a grant. The check cannot be written from the county depository account or the group account.
3. If reimbursing expenses, the TRAV-229 Travel Authorization for Non-Extension Employees and Guests must be completed and submitted in advance of the travel.

Link: [C.E.S.P. 6-1: Travel](#)

Link: [Travel Templates](#)

Form & Link: [4-H Judging Agreement](#)

Form & Link: [FINANCE-214 Furnishing Meals & Refreshments](#)

Form & Link: [TRAV-229 Travel Authorization for Non-Extension Employees and Guests](#)

Form & Link: [TRAV-204 Request for Use of Extension Van](#)

Form & Link: [Memorandum of Agreement Template](#)

Form & Link: [W-9 Request for Taxpayer Identification Number and Certification](#)

H. Vendor Accounts

1. If a Group desires to set up an account with a local vendor or business the Group does business with on a regular basis, the following guidelines should be followed:
 - a. The name of the account should be the name of the Group, i.e. XYZ Master Gardeners.
 - b. Do not use the University of Arkansas Cooperative Extension Service name on the account.
 - c. Vendor accounts can be paid from the county depository account if UACES/State purchasing guidelines are followed and sufficient funds are available.
 - d. Vendor accounts can be paid from LRSO through normal purchasing procedures. A W-9 form is required from all vendors each year or in the case of any changes.

Form & Link: [FINANCE-214 Furnishing Meals & Refreshments](#)

Form & Link: [W-9 Request for Taxpayer Identification Number and Certification](#)

I. Procedure for Procuring Petty Cash from the County Depository Account

1. Always exercise proper cash handling procedures in regard to petty cash. Two ways to procure cash:
 - a. May use personal cash or cash from the Group bank account. Reimbursement may be

taken from the proceeds of the event.

- b. Follow the Procedure for Procuring Petty Cash from the County Depository Account for County Events by completing and signing the County Cash Procurement Agreement and submitting the Agreement to the Cash Manager or the Director of Financial Services **at least two weeks prior to the event.**

Link: [Procedure for Procuring Petty Cash from the County Depository Account for County Events](#)

Form & Link: [County Cash Procurement Agreement](#)

VIII. Purchases of Property/Equipment

1. In order to ensure proper accounting and management, Group funds should not be used for items costing \$500 or more without prior consultation with the local county Extension agent.
2. Property/equipment purchased and/or maintained by Group volunteers should be reported annually as part of the year-end financial reporting package.
3. For liability reasons, the purchase of firearms is not allowed. A firearm, by definition, is “a weapon from which a shot is discharged by gun powder.”
4. Other shooting sports equipment purchases are allowed, such as BB guns, air rifles, and archery equipment.

*NOTE: On the Annual Group Property-Inventory Report, list any single item of equipment or inventory with a value greater than or equal to \$500 and **ANY AND ALL** firearms regardless of value, including guns; rifles; shotguns; muzzleloaders; and pistols; as well as, BB guns; air rifles; and bows.*

A. Disposal of Property

1. State law requires that all equipment, whether in the possession of a Group or the county office, must be disposed of through the State Office and cannot be sold, raffled, or disposed of locally.
2. For broken items, the staff chair should contact the purchasing department at LRSO.

Form & Link: [Annual Group Property-Inventory Report](#)

Form & Link: [Property Disposal Form](#)

IX. Sales Tax

A. Sales Tax on Purchases

1. All purchases made by Master Gardener Groups must include the payment of appropriate sales tax **except items to be resold to the public**. For these items, sales tax will be collected by the Master Gardener Group from the purchaser.
2. UACES has a certificate from the State of Arkansas signifying its exemption from the payment of sales tax for items for resale should the vendor request verification for exemption. Please provide the document linked below.

NOTE: This exemption is for sales tax only and has no bearing on federal income tax rules.

3. **Purchases** of tangible goods or services by 4-H clubs in support of 4-H activities are exempt from the payment of sales tax per Arkansas Gross Receipts Regulation GR-31.
4. Local 4-H foundations are not exempt from the payment of sales tax per the revenue ruling from the Department of Finance and Administration.

Form & Link: [Sales and Use Tax Permit from State of Arkansas](#)

Form & Link: [GR-31 Exempting 4-H Clubs from the payment of sales tax](#)

B. The Collection of Sales Tax on the Sale of Goods or Services

1. Sales of good or services to the public require the collection of sales tax unless otherwise directed by the LRSO.

NOTE: Volume sales are NOT exempt from sales tax.

2. All sales tax collected by Group personnel should be identified separately on the [Record of Deposit](#) form and remitted to the county Extension office for further processing and payment to the state.

NOTE: If sales tax is not collected separately, sufficient information must be provided to the office support person to calculate and remit the tax to the LRSO.

3. Except as described in the Special Events section below, County Extension office personnel should account for and remit sales tax to the LRSO in accordance with the County Quicken Accounts Procedures Manual. Financial Services will remit the sales tax to the State of Arkansas.

NOTE: Sales of tangible property/concessions at county fairs are exempt from state sales tax per Arkansas Gross Receipts Regulation GR-39.

Programmatic Funds	Collect Sales Tax*
Bake Sales (unless sold to public more than 3x yr.)	No
Calendar Sales (except Master Gardeners**)	Yes
Clothing (unless sold to the public)	No
Conference/Seminar Fees Collected	No
Cookbook Sales	Yes
Garden Tool Sales	Yes
Garden Tour Fees Collected	No
Pecan Sales (unless sold to public more than 3x yr.)	No
Plant Sales (unless sold to public more than 3x yr.)	No
Pork Butts (unless sold to public more than 3x yr.)	No
Training Registrations & Fees Collected	No

*Call Financial Services for sales tax determination for activities not listed.

**Master Gardeners have already paid the sales tax on calendars.

Form & Link: [Sales and Use Tax Permit from State of Arkansas](#)
Form & Link: [GR-31 Exempting 4-H Clubs from the payment of sales tax](#)
Form & Link: [GR-39 Arkansas Gross Receipts Tax Regulations](#)
Form & Link: [Record of Deposit Form](#)

X. Special Events

1. A Special Event is defined as *"an entertainment, amusement, recreational, or marketing event which occurs at a single location on an irregular basis and where tangible personal property is sold. Special events include, but are not limited to, music shows and events; auto shows; boat shows; gun shows, knife shows; home shows; craft shows; flea markets; carnivals; circuses; bazaars; fairs; and art or other merchandise displays or exhibits."*
2. If an event is organized by any Extension personnel or Group volunteer and includes any outside vendor who is selling tangible items, the organizer is required to contact the staff chair. The staff chair will contact Financial Services at the LRSO.

Link: [Special Event Procedures](#)

XI. Refunds

1. If a 4-H foundation or other organization is co-sponsoring an event by paying for programmatic registration fees, the money is to be deposited in the county depository account and registration fees paid out of the same account.
2. Refunds can be made in accordance with event policy and with proper documentation.

XII. Partnering with another Organization to Raise or Donate Funds

1. When partnering with another organization to raise funds or donate funds, if the proceeds—money or other assets—of a Group fundraiser are to go to an external, charitable organization in state, the following are required:
 - a. All advertisements, tickets, and flyers must indicate what portion, if any, is to be donated to the organization and must include the name of the organization.
 - b. A copy of the flyer, raffle ticket or other documentation which includes the above-referenced information is to be kept with the documentation for the check.
 - c. Funds raised in the name of 4-H may not be donated to another organization or individual.

Example: 4-H members can participate in the Relay for Life to raise money for the Cancer Society as long as the members are not raising money in the name of 4-H.

NOTE: If considering a raffle, refer to the Raffle section in this document listed under Other Activities & Considerations.

XIII. Month-end Reconciliation Procedures for County Depository Account

1. County office support personnel will reconcile county depository accounts in accordance with the County Quicken Accounts Procedures Manual and [C.E.S.P. 15-3: Managing County Financial Transactions](#).
2. County office support personnel will prepare a Quicken report of the UACES Master Gardener/4-H Group Quicken account activities and balances and submit it to the Group treasurer.
3. County office support personnel will work with the Group treasurer to resolve differences between UACES balances and Group balances, if any.
4. The Group treasurer will follow Group guidelines as they relate to any required month-end reporting related to the Group bank account.

XIV. Year-end Reports and Procedures

4-H & Master Gardeners Calendar Year January 1st - December 31st

1. Groups must complete all required year-end reports and send them to the staff chair at the county Extension office in a timely manner to be reviewed and approved.
2. For all active Groups **with a Group bank account**, the following reports are to be completed, signed and dated, and sent to the staff chair:
 - a. Statement of Income and Expenses
 - b. Statement of Financial Position
 - c. Annual Group-Property Inventory Report
 - d. Peer Review of Group Financial Records: Cover Sheet
 - e. Peer Review of Group Financial Records: Report
 - f. Copy of Bank Statement (reconciled)
3. Do not include any transactions going through the county depository or any other bank account, such as ADC accounts, 4-H foundation accounts, etc.
4. For active Groups **without a Group bank account but with inventory and/or equipment valued at \$500 or more OR any firearms**, the following reports are to be completed, signed and dated, and sent to the staff chair:
 - a. Statement of Financial Position
 - b. Annual Group-Property Inventory Report
5. For active Groups **without a Group bank account AND without inventory or equipment valued at \$500 or more AND no firearms**, the county staff chair may list those groups on the **Certification: No Group Bank Account and No Inventory/Equipment** form; sign and date the form and submit it. The Groups listed on the Certification will not be required to submit the Statement of Financial Position or the Annual Group-Property Inventory Report.
6. The county staff chair will review all submitted reports, and once approved, will sign and send the reports to the Chief Operating Officer at the University of Arkansas System, Division of Agriculture, Cooperative Extension Service, 2301 South University Avenue, Little Rock, AR 72204.

7. Completed reports are due within 90 days from the period-end date of the financial reporting period from the staff chair to the Chief Operating Officer at the LRSO.

4-H & Master Gardeners' end-of-year financial reports are due at the LRSO by March 31st

8. Step-by-step instructions, the most recent reports, and samples are provided on the Information for Clubs web page for your information.

Link: [Information for Clubs web page](#)

Form & Link: [Statement of Income & Expenses](#)

Form & Link: [Statement of Financial Position](#)

Form & Link: [Annual Group Property/Inventory Report](#)

Form & Link: [Peer Review of Group Financial Records: Cover Sheet](#)

Form & Link: [Peer Review of Group Financial Records: Report](#)

Form & Link: [Certification: No Group Bank Account and No Inventory/Equipment](#)

A. Review of Financial Records

1. Group financial records must have an annual peer review using UACES provided forms.

B. Peer Review of Group Financial Record: Guidelines for Committee

1. The Peer Review Committee must be composed of at least two members. The purpose is to review the accounting records and financial statements prepared by the Group treasurer for accuracy and reasonableness.
2. Committee members must not include the treasurer; anyone related to the treasurer or any individual who signs checks, approves expenditures, is involved in any way in the financial affairs of the Group, or any Extension employee.

C. Year-end Procedures for Peer Review Committee:

1. Check each month's reconciled bank statement and canceled checks. Make sure the ledger postings are current and complete.
2. Examine all voided checks. If a voided check is not on file, verify that the check has not cleared the bank.
3. Total all funds received. Verify that receipts were written and that funds were listed on the ledger reports.
4. Total all deposits made to the bank account. This total should equal the total of all funds received.
5. Total all expenditures. Verify that a written bill is on file for each expenditure. Verify all expenditures were paid by check, not in cash.
6. Examine the year-end financial reports. Verify that the amounts listed agree with the amounts in the treasurer's ledger reports, the total in the check register, and the reconciled bank statements.
7. The treasurer's total balance at the beginning of the year plus all funds received, minus all

- expenditures, must equal the treasurer's total balance at the end of the year.
8. Examine the Annual Group Property-Inventory Report and make sure that all property/equipment has been properly accounted for and documented (see instructions for completing the report). A letter or receipt should be on file for each gift received, documenting donor, date, value and any restrictions placed on the donation by the donor.
 9. Review the prior year's report and determine if appropriate follow-up actions were taken.
 10. Complete the reports and send to the staff chair at the county Extension office in a timely manner. The staff chair will review the reports and, once approved, will sign and send them to the Chief Operating Officer at the LRSO within 90 days of the period end date of the financial reporting period.

4-H & Master Gardeners' end-of-year financial reports are due at the LRSO by March 31st

NOTE: The IRS tax ID number (EIN) associated with the Group bank account must be listed on the Peer Review Cover Sheet along with the audit date. Committee members must check the items reviewed at the top of the Peer Review Report or the review is invalid.

11. Failure to report completely, accurately, and timely may lead to closure of the Group bank account and transfer of the funds to the county depository account.

XV. Record Retention

1. Unless otherwise instructed, Groups should retain records for a period of four years after the transaction date.
2. UACES personnel should retain records in accordance with UACES guidelines.
3. At the end of the required retention period, records should be destroyed by shredding.

XVI. Other Activities & Considerations

A. Dissolution of a Group

1. Distribution of funds must be approved by the staff chair and District Director.
2. Funds raised in the name of 4-H must remain with 4-H.

B. Sponsorships

1. Sponsorships are simply cash or non-cash gifts designated for support of a specific meeting or event. If a donor provides money to pay for a meal or other component of an Extension activity, the donation should be reported as a cash gift. If the donor pays a vendor directly in support of an Extension activity, whatever was received should be reported as a non-cash gift. A common example is the provision of a meal at a meeting.

C. Cash Gifts

1. UACES Groups have the same tax exempt status as UACES; however, all gifts must be reported to the county Extension office to ensure proper accounting, reporting, receipting, and acknowledgement, if applicable.
2. All gifts of \$250 or more must be deposited in a UACES bank account (LRSO or County Depository) and reported to the Development Office. Copies of the check(s) and all supporting letters or other documentation must be sent electronically along with a completed [Gift Disclosure Form](#) to developmentoffice@uada.edu.
3. Gifts of less than \$250 for which the donor requires a tax receipt must be deposited in a UACES bank account (LRSO or County Depository), and denoted or coded (in Banner or Quicken) as a gift.
4. Gifts of less than \$250 for which the donor does not require a tax receipt may be deposited in any UACES bank account or in a Group bank account.
5. The staff chair will ensure that all gifts are properly acknowledged via a Thank You note. All formal gift acknowledgement letters will be sent from the LRSO and/or UA Division of Ag office. Copies will be provided to the fund manager noted on the Gift Disclosure Form. ***No county office employee or volunteer has the responsibility of providing IRS acceptable gift receipts.***
6. The Director of Financial Services should be notified when a donation with a written restriction for a specific purpose is received.

CI. Non-cash Gifts

1. Non-cash gifts are tangible items that are directly used or consumed in a sanctioned project or educational outreach effort including plants, seed, soil, food, supplies and equipment, books or other printed resources, etc. For purposes of these guidelines, non-cash gifts also include capital gifts such as equipment, buildings, and real estate.
2. Non-cash gifts should be reported on the same form used for reporting cash gifts, i.e. the [Gift Disclosure Form](#). If the donor does not want or expect a tax receipt, please check the appropriate box on the form indicating that fact.
3. The Development Officer is responsible for all reporting to the Office of the VP for Agriculture.
4. Regardless of whether a tax receipt is provided to the donor, county personnel are responsible for sending a Thank You note to the donor.

Form & Link: [Gift Disclosure Form](#)

E. Grants & Contracts

1. There are many factors that are used to determine whether an offer of money or something else of value is a gift or a grant. In some cases, the classification is clear; in others it is not. In general, a grant is a contribution requiring certain performance by the recipient, specific deliverables, and/or program or financial reporting to the funder. What the funds are called by the funder is not the determining factor. When in doubt about whether something is a gift or grant, you may ask the Office of Sponsored

- Programs for a determination, or may treat the contribution as a grant. Treating the contribution as a grant is the safest approach.
2. All grant applications and pre-applications, including letters of intent, require completion of the Internal Grant Approval Form - Finance 312, including administrative approval.
 3. The completed Finance 312, with staff chair approval must be submitted to the Office of Sponsored Programs no later than five working days prior to the submission deadline – ten working days if assistance is need to complete the form.
 4. Occasionally, funds are received without the submission of an application. If there are performance requirements, deliverables, or required reports, a Finance 312 should still be submitted with a note as to why it is being submitted after the receipt of the funds.
 5. **GRANT FUNDS ARE NOT TO BE DEPOSITED INTO COUNTY DEPOSITORY ACCOUNTS.** The funds will be spent in accordance with the intent of the grant, through normal Extension expenditure procedures. However, because the funds come with external requirements, additional tracking and monitoring by the LRSO are required.
 6. The Office of Sponsored Programs will assign a grant fund number for use when making grant expenditures. Please initiate grant purchases through the UACES requisition process or use a P-Card and remember to change the default fund/org. Do not pay for grant purchases out of the county depository account by writing a check.
 7. Examples of grants include contributions from the NRA, United Way, Community Foundations, and funds allocated from General Improvement Funds.

F. Small Grants

1. Small grants are defined as those that are funded at \$1,000 or less. For these grants/sponsored projects, personnel should complete a Finance 312 as they would for any other grant. However, if awarded, the funds from such grants may be deposited into the county depository account and expended from Fund 13823 using the checkbook in the county office, p-cards, or requisitions.
2. Exceptions: Proceeds from United Way, General Improvement Funds, NRA grants, or any type of federal grants, no matter how small, must continue to be deposited in and spent from state office accounts. Arkansas Game & Fish “turnback” funds received by a county, no matter how large, may be deposited in the county depository account and spent from Fund 13823 using the checkbook in the county office, p-cards, or requisitions.
3. In all cases where grant funds are placed in the county depository account, separate categories should be established in Quicken to track revenue and related expenditures. All grant reporting for projects handled as small grants will be the responsibility of the Staff Chair. If Staff Chairs prefer, these funds may be sent to the state office for administration through the normal grants process.
4. Volunteers may not apply for grants. All grant applications for the county must be initiated by an agent who will route the application through the state office with a completed Finance 312.

Link: [Office of Sponsored Programs web page](#)

Form & Link: [Internal Grant Approval Form Template FINANCE-312](#)

G. Contracts (including Grant Agreements)

1. Board Policy – Contracting Authority

- a. Contracting authority and guidelines are found in the University of Arkansas System Board of Trustees Policy 300.1.
- b. Contracts made in the name of a campus, school or college, academic department, etc., are *unenforceable*. UACES contracts are to be worded in the following manner:

The Board of Trustees of the University of Arkansas, acting for and on behalf
of the University of Arkansas Cooperative Extension Service

- c. The President of the UA System is authorized to delegate the authority to contract. For UACES that authority has been delegated to the Associate Vice President for Agriculture – Extension and the Chief Operating Officer. This includes authority to review, approve, and sign all of the following (even if no monies are involved):
 - *Applications* for grants
 - *Contracts* for grants
 - Includes NRA, United Way and community foundations
 - Rental agreements for facilities and equipment
 - Contracts for caterers, speakers, etc.
 - Any agreement requiring the signature of an “authorized agent/official”
- d. Contract authority also extends to online acceptance of terms & conditions related to purchasing, subscribing, accepting financial awards, etc. If you are asked to check a box accepting terms & conditions, that is the same as signing a paper contract. If asked to do this, print out the terms and conditions along with the body of the agreement you want to enter into and forward it to the Office of the Chief Operating Officer for review and approval before completing the online transaction.

NOTE: If you sign a contract or grant application, you may be taking personal responsibility for anything that could go wrong!

2. Foundation Grants & Contracts

- a. Board policy applies to contracts in the name of the Board of Trustees of the University of Arkansas, only. All grants and contracts in the name of foundations must be developed, executed, and administered by the foundation.
- b. If an agreement in the name of a foundation requires performance by Extension personnel in order to comply with the terms of the agreement, there must be a sub-agreement executed between the foundation and Extension. A foundation, which is a separate legal entity, may not commit Extension resources, including personnel time.

H. Raffles

1. UACES has a state license to conduct raffles.
2. If an Extension group or program wishes to conduct a raffle for fund-raising purposes, the staff chair must complete the [Request to Conduct Raffle](#) form and submit it to the Office of the Chief Operating Officer **at least 10 business days prior to the start of the raffle**.
3. If the item to be raffled is a firearm, the donor or vendor should retain ownership of the firearm until after the raffle in order for the raffle winner to register the firearm in his/her name as required by law.
4. Because Extension Homemakers and 4-H foundations are separate legal entities, the Extension raffle license does not cover raffles conducted by these organizations. Agents are to direct EHC volunteers to EHC leadership for guidance on conducting raffles on behalf of Extension Homemaker Clubs and 4-H foundation members to foundation leadership for their raffles. However, these organizations can assist Extension with raffles conducted by and on behalf of Extension groups and programs.

NOTE: 4-H foundations and EHC are not covered under the UACES raffle license.

Form & Link: [Request to Conduct Raffle](#)

Form & Link: [Annual Raffle Report](#) (due May 15th annually)

I. 4-H Poultry Project

1. When the county office sells the chicks to 4-H'ers or a local 4-H foundation, the proceeds must be deposited in the county depository account.
 - a. UACES guidelines must be followed for collecting and receipting the money at the county office.
 - b. Official receipts must be provided to those purchasing the chicks.
 - c. Local 4-H foundations can purchase chicks from the county office and sell or give them to the 4-H'ers.

2. Poultry Auction

- a. If the county office is conducting the auction, the proceeds from the sale are to be deposited in the county depository account.
- b. UACES employees are required to bring the official depository, pre-numbered receipt book to the auction and write receipts for every purchase.
- c. If the local 4-H foundation or county fair board is auctioning the pullets, they are responsible for handling the collection, receipting, and depositing of the funds into their accounts.
- d. The local 4-H foundation or county fair board may donate a portion of the proceeds to the county 4-H program. The donation will be handled as any other gift.

3. Tax Receipts

- a. For Extension to provide a tax receipt to the purchaser of pullets at the county fair, the money must have been deposited in the county depository account. Requests for tax receipts should be submitted by the donor to developmentoffice@uada.edu. The value of the pullets, which is deducted from the purchase price to determine the charitable portion of the proceeds, will be reflected on the receipt.
- b. Questions about receipting charitable contributions should be directed to the Extension Development Officer (developmentoffice@uada.edu) or the appropriate District Director.

J. Scholarships/Awards

1. Scholarships

- a. Program scholarships are paid from the county depository account on behalf of an individual 4-H member, volunteer, or Master Gardener. Some examples are 4-H camp scholarships and Master Gardener state and leadership conferences.
- b. College scholarships are awarded from a 4-H or Master Gardener program to a qualified individual. The scholarship money is sent to the institute of higher learning of the recipient's choice. If the Group wants to make the payment directly to the student, the Group must contact Financial Services because a W-9 is required for 1099 reporting.
- c. For all scholarships, the selection committee must follow preset criteria. Recommendations of the committee must be submitted to the staff chair for review prior to notification of the award recipient.

NOTE: If a club wants to give a scholarship out of the Group bank account, the funds should be deposited in the county depository account and the scholarship written out of the county depository account.

2. Awards

- a. Program awards are monetary awards, tangibles, or program participation/achievement award trips. Monetary awards include cash, checks, savings bonds, and gift cards. Tangible awards include trophies, ribbons, belt buckles, clippers, etc.
- b. Program award trips must be tied back to the components of the program. Trips that are not tied to an educational program cannot be paid out of the county depository account.
- c. Program awards are allowed if selection criteria and process are followed and funds are available in the appropriate account.

XVII. Volunteer Immunity

1. UACES Policy Number: [C.E.S.P. 3-38](#)

Summary: Describes liability protection for volunteers in connection with official actions. Volunteers are covered under the Arkansas Volunteer Immunity Act of 1987. Volunteers are not to be held civilly liable for their acts or omissions in carrying out their authority and responsibilities as volunteers if such acts or omissions were performed in good faith and did not constitute gross negligence. There is an exception when the volunteer is covered by a policy of insurance, in which case, liability is limited to the amount of the coverage provided.

Link: <http://www.arkleg.state.ar.us/assembly/1987/R/Acts/970.pdf>

XVIII. Glossary of Terms

501(c)(3) Status and/or Organization:

501(c) is a subsection under the United States Internal Revenue Code. The subsection relates to non-profit organizations and tax law and identifies which nonprofit organizations are exempt from paying federal income tax. Under subsection 501(c) there are other sections that separate the different organizations according to operation. C(3) relates to corporations, funds or foundations that operate for religious, charitable, scientific, literary or educational purposes. 501(c)(3) status has nothing to do with the payment or collection of *saletax*.

Contract:

- A binding agreement between two or more persons or parties, especially, one legally enforceable;
- A business arrangement for the supply of goods or services at a fixed price;
- A document describing the terms of a grant or contract.
- In many cases, submission of an application for a grant constitutes a contract.
- In addition, when purchasing goods, many vendors require a signature, checked box, etc., indicating agreement with their terms and conditions of the sale. This represents a contract.

Grant:

- Something granted, as a privilege or right, a sum of money, or a tract of land;
- Grants typically require some specific performance/activities, in addition to periodic programmatic and financial reporting to the grantor.
- Both applying for and receiving grant awards constitute the establishment of a contractual relationship between the parties.

Group Bank Account:

Local checking account maintained by Group volunteers (4-H clubs or Master Gardener groups) to manage non-programmatic funds.

Memorandum of Agreement (MOA):

A memorandum of agreement (MOA), also called a memorandum of understanding (MOU), is a simplified version of a contract between two parties, outlining what each will do, and what each will receive as a result of this agreement. It is used for small or no-cost agreements where the relationship is very infrequent and the performance period is very short.

Non-programmatic:

Not programmatic, in other words, not relating to an educational program. Examples of non-programmatic activities are social activities such as parties, trips to amusement parks, group dinners, etc.

Petty Cash:

A small amount of cash kept on hand for payment of minor items. In CES terms, petty cash is another name for the county depository account. This term dates back to the creation of the accounts as a way to handle smaller amounts of money in the county. No true "petty cash" is to be maintained in county offices.

Programmatic:

Of, relating to, resembling, or having an educational program.

Quicken Accounts:

Accounting record in Quicken software (**not a bank account**) used to track funds within the county depository account.

Volume Sales:

The sale of large quantities of a product. Sometimes it is assumed that a volume purchase is made in order to resale the items. In these cases, the seller sometimes assumes sales tax is not required. This is not an accurate assumption. Unless a purchaser presents a sales tax exemption certificate and states that the items will be resold to the public, sales tax should be collected on all purchases except for purchases made by 4-H Clubs or the state 4-H Foundation.

XIX. Appendix Helpful Links

Annual Financial Reports

[Information for Clubs \(web page\)](#)
[Annual Group Property/Inventory Report](#)
[Statement of Financial Position](#)
[Statement of Income & Expenses](#)
[Peer Review of Group Financial Records: Cover Sheet](#)
[Peer Review of Group Financial Records: Report](#)
[Certification: No Group Bank Account and No Inventory/Equipment](#)

Expenses & Check Writing

[4-H Judging Agreement](#)
[UACES Check Request Form](#)
[County Cash Procurement Agreement](#)
[FINANCE-214 Furnishing Meals & Refreshments](#)
[Memorandum of Agreement Template](#)
[Procedure for Procuring Petty Cash from the County Depository Account](#)
[Travel Templates](#)
[W-9 Request for Taxpayer Identification Number & Certification](#)

Gifts

[Gift Disclosure Form](#)
[Sample Cash Gift Acknowledgement Letters](#)
[Sample Non-cash Gift Acknowledgement Letters](#)

Grants

[FINANCE-312 Internal Grant Approval Form Template](#)
[Office of Sponsored Programs \(web page\)](#)

IRS Status

[General Counsel's Letter Regarding IRS Status](#)

Property/Equipment

[Property Disposal Form](#)

Purchasing

[Financial Services/Purchasing \(web page\)](#)
[W-9 Request for Taxpayer Identification Number & Certification](#)

Raffles

[Annual Raffle Report](#)
[Request to Conduct Raffle](#)

Receipts & Deposits

[Insufficient Check Sample Letter](#)
[Record of Deposit Form](#)

Sales Tax

[GR-31 Exempting 4-H Clubs from the Payment of Sales Tax](#)
[GR-39 Arkansas Gross Receipts Tax Regulations](#)
[Record of Deposit Form](#)
[Sales & Use Tax Permit from the State of Arkansas](#)

Special Events

[Special Events Procedures](#)