County 4-H Fund-Raiser Application

The group treasurer or 4-H leader must complete and return this form to the 4-H staff in the county Extension office for approval at least 10 business days before any fund-raising activities can be held.

4-H Group name __________________________

If the group is contemplating holding a fund-raiser, we strongly encourage the group to discuss the following items before completing the application below:

☐ What, specifically, are the funds being raised for?
☐ Put in writing how and when a member will qualify to benefit from the funds.
☐ How much money is needed?
☐ How will the group keep track of funds raised? Identify the member(s) who will manage this task.
☐ What will the group do if enough funds are not raised to meet the group’s goal? What if the group raises more funds than are needed?
☐ Understanding that funds raised are for the total group (not for individuals based on their level of participation in the fund-raiser), be sure to discuss how the group will handle it if some members raise fewer funds or are less active in the fund-raising activity than others.

Addressing these things ahead of fund-raising will ensure all participants agree with the fund-raising goals and reduce the probability of disagreements later.

Group’s address ___________________________ Phone ___________________________

Person making request: ____________________ Phone: ____________________ Email: ____________________

Educational program funds will be used for ___________________________

What is the proposed fund-raising activity? ___________________________

Will the group be selling tangible, personal property (for example, craft items, tack, cookbooks, calendars, plat books, bulletins and food that will be consumed immediately such as concession stand sales)?

☐ Yes ☐ No If yes, the group must collect sales tax. For further information about collecting and remitting Michigan sales tax, refer to pages 22 to 23.

What is the fund-raiser’s educational value to the members? ___________________________

Where is the proposed fund-raising activity to be held? ___________________________

Proposed starting date of the activity: ___________________________ Time: ___________________________

Expected ending date of the activity: ___________________________ Time: ___________________________

(If it is an ongoing activity, the end date must be on or before August 31 of the current year.)

For Office Use Only:

Approved ___________________________ Date Notified ___________________________
Tax
This section discusses general information about federal income tax and state sales tax, and how they relate to Michigan groups.

Federal Income Tax
Since Michigan 4-H groups are part of Michigan 4-H Youth Development, which is part of Michigan State University Extension, Michigan 4-H groups are part of Michigan State University (MSU). MSU is exempt from paying federal income tax on its income. Therefore, 4-H groups are also tax exempt. For more information about federal-income tax policy and 4-H, ask the group’s leader.

State Sales Tax
Tax-Exempt Purchases
Since the State of Michigan (SOM) exempts MSU from paying sales tax on items it purchases, groups may use MSU’s exemption for purchases used for the 4-H program. Examples of instances when a group may and may not make tax-exempt purchases are:

► Yes: For a community-service project, the Friends Around the World 4-H Club purchased material to make dog toys and beds for a shelter.

► No: Luke Armstrong purchased supplies for his personal 4-H project (raising and showing a dog).

To make sales tax-exempt purchases, the leader needs to work with the 4-H program coordinator who will complete the necessary paperwork. For more information about this, see the Financial Manual for 4-H Volunteers.

Collection of State Sales Tax on Items Sold
Being tax exempt on things purchased does not release a group from the obligation to collect and remit sales tax on items it sells.

Therefore, if a 4-H group resells the items purchased, or portions of them, the group is legally required to collect sales tax. When 4-H groups resell tangible personal property, they must include sales tax in the purchase price. This is called “inclusive tax.” The State of Michigan recommends that there be a sign near the price or near the register where purchasers pay that reads “Price includes Michigan sales tax” (see the sign on page 41 of this publication).

This requirement that 4-H groups collect sales tax on the items it resells also applies to silent and live auctions; the amount of sales tax due is calculated on the final bid. When members create and then sell their 4-H products, they must also collect and remit sales tax. If, however, the group gives away the items, no sales tax is due.
According to Michigan 4-H policy, food sold at concession stands (priced or paid for by donations) is taxable. Tickets for an event that includes a meal must have sales tax built into the ticket price. These events are similar to restaurants where food is immediately consumed and sales tax is charged. Bake sales are not taxable because the food is not intended for immediate consumption similar to a grocery store. For more information, refer to the table on pages 24 to 25 of this document.

After a group has a fund-raiser, it is wise to calculate the amount of sales tax due and hold those funds aside so the money is available in the fall, when it is due. Sales tax collected must be turned in annually with the Annual Financial Summary Report. The county Extension office must remit the sales tax to Michigan State University, which will make payment to the State of Michigan (SOM) on behalf of the 4-H group.

Livestock sales fall under different laws and are not taxed in the same way as other tangible property. For more detailed information on this process, see Table 2 on pages 24 and 25.

**Submitting State Sales Tax That Has Been Collected**

**Calculating the Sales Tax Due**
All sales tax collected must be remitted to the SOM. Sales tax collected must be turned in annually with the Annual Financial Summary Report. The amount of sales tax due will be calculated when completing Part 3 of the Annual Financial Summary Report. (See Figure 12 on pages 33 and 34 for a sample of this report; a blank form is on pages 43 and 44.)

**Paying Sales Tax**
To pay sales tax:

1. The treasurer will write a check or money order, payable to “Michigan State University,” in the amount of the tax.

2. The treasurer will submit the Annual Financial Summary Report and the check or money order to the county MSU Extension office.

3. The county MSU Extension office will forward the sales tax payment to Michigan State University.

4. The university will make the payment to the State of Michigan on behalf of the 4-H group.
Table 2. Payment and Collection of State Sales Tax.

|------------------------------------------------------------------------------|-----------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| The State of Michigan (SOM) exempts MSU (and therefore 4-H) from paying sales tax on items it purchases for the 4-H program that are not going to be resold outside the 4-H group. | No one pays | No one collects | The group's leader must obtain SOM Form 3372 from the 4-H program coordinator to take to the vendor to prove the group's tax-exempt status at the time of the purchase.  
Example: The Friends Around the World 4-H Club bought t-shirts for their group to wear at their meetings and other 4-H functions. Before they paid for the t-shirts, their leader, Katrina VanderMuelen, asked the county 4-H program coordinator, Laerke Paulsen, for a completed Form 3372. Katrina told Laerke this was a one-time purchase. Laerke then completed the form and gave it to Katrina, who provided it to the vendor. The group did not pay sales tax.  
Likewise, when the Friends Around the World 4-H Club sold the t-shirts to its members and leaders (to wear at their meetings and other 4-H functions), the members and leaders did not pay (and the group did not collect) sales tax. |
| Sales tax is not due or collected for:                                       | No one pays | No one collects | Example: The Friends Around the World 4-H Club held a bake sale to raise money for their Around the World Fair. They did not need to charge sales tax on the items sold because the food was not meant to be consumed immediately.  
The Friends Around the World 4-H Club offered leaf raking to community residents as a fund-raiser. Since leaf raking is a service, the club did not need to charge sales tax. |
| • Project animals auctioned through a production livestock auction.          | Purchaser pays; tax amount is calculated on the final bid | Vendor (the 4-H group) collects | Example: As a fund-raiser, the Washington County 4-H Advisory Council held a live and silent auction at the county fair. At the registration table, they prominently displayed a sign that stated “Bid includes Michigan sales tax” (inclusive tax). After the event, the council treasurer, Chad Holmes, added up all the income from the two auctions. To determine the tax due, Chad divided the income by 17.67. At the end of the 4-H year when Chad prepared the Annual Financial Summary Report, he wrote a check (payable to “Michigan State University”) for the amount of sales tax due and submitted it along with the report to the county MSU Extension office. |
| • Services such as a stipend received for clerking at a county fair livestock auction. |                                                |                                            |  |
| • The sale of food not meant to be immediately consumed such as bake sales, candy, cookie dough or pizza kits. |                                                |                                            |  |
| • Proceeds from services such as car washes and babysitting at an event.     |                                                |                                            |  |
| Sales tax is due on items at live and silent auctions (excluding, as mentioned above, live animals marketed through a production livestock auction). |                                                |                                            |  |
| Sales tax is due on the commission a 4-H group (such as a livestock council) keeps following an animal auction. | The 4-H group pays; the amount of tax is calculated on the commissions earned on the animals sold. | The 4-H group collects | Example: The Washington County 4-H Livestock Council held an auction of live animals. After the event, the council's treasurer, Alexis Dubay, added up all the commissions earned on the animals sold. She determined the sales tax due by dividing the income by 17.67. At the end of the 4-H year when Alexis prepared the group's Annual Financial Summary Report, she wrote a check (payable to “Michigan State University”) for the amount of sales tax due. Alexis then submitted the check with the report to the county MSU Extension office. |
## Table 2. Payment and Collection of State Sales Tax, continued.

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<td>Sales tax is due on items that 4-H members make and then sell.</td>
<td>Purchaser pays</td>
<td>Vendor (the 4-H group) collects</td>
<td>Example: Members of the Crafty Clovers 4-H Club made a variety of items to sell at their school bazaar including picture frames, jewelry, knitted hats, etc. At the registration table, they prominently displayed a sign that stated “Price includes Michigan sales tax” (inclusive tax). After the event the club treasurer, Haven Cullum, added up the income. To determine the tax due, Haven divided the income by 17.67. At the end of the 4-H year when Haven prepared the Annual Financial Summary Report, she wrote a check (payable to “Michigan State University”) for the amount of sales tax due and submitted it along with the report to the county MSU Extension office. The club was not responsible for sales tax on the four hats they knit and donated to the local shelter.</td>
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| When 4-H groups purchase tangible, personal property to resell outside the group, the group is serving as the “vendor.” Examples of tangible, personal property include:  
  • Craft items  
  • Tack  
  • Cookbooks  
  • Group t-shirts or hats  
  • Calendars  
  • Plat books  
  • Bulletins  
  • Concession stand sales (priced or through a freewill donation)  
When the 4-H group resells these items to the general public, the purchaser pays (and the 4-H group collects) sales tax. | Purchaser pays (included in the purchase price) | Vendor (the 4-H group) collects | When 4-H groups resell tangible personal property, they must include sales tax in the purchase price. This is called “inclusive tax.” When setting the selling price, it is important the group include the tax. The State of Michigan recommends that there be a sign near the price that states “Price includes Michigan sales tax” (see the sign on page 41 of this publication). After the sale, the group calculates the tax due by dividing the money collected by 17.67. For example, if the group raised $100 at the event, it would owe $5.66 in sales tax. After a group has a fund-raiser, it is wise to calculate the amount of sales tax due and hold those funds aside so the money is available in the fall, when it is due. Sales tax collected must be turned in annually with the Annual Financial Summary Report. The tax is recorded in Part 3. State Sales Tax (see pages 43 to 44 of this publication). **Example:** At the end of the 4-H program year (after August 31), the Friends Around the World 4-H Club calculated it received $468.55 (see the sample Annual Financial Summary Report on pages 33 and 34 of this publication) in taxable income. The treasurer, Keon Toma, divided the “Taxable sales subtotal” line (B) by 17.67. The result is $26.52 (see Part 3. State Sales Tax of the sample Annual Financial Summary Report on pages 33 and 34 of this publication). After the leader, Katrina VanderMuelen, reviewed the report and signed it, Keon prepared and signed a check, made payable to “Michigan State University” in the amount of $26.52. He gave the check to Katrina. She sent it, with the Annual Financial Summary Report, to the county 4-H program coordinator, Laerke Paulsen. In turn, Laerke sent the check to the University which will remit the check to the State of Michigan. |
| A 4-H group does not pay sales tax when members take orders from customers rather than purchasing the items to resell (for example, when selling candles as a fund-raiser). It is the responsibility of the company selling the items to include sales tax in the purchase price and remit the tax to the State of Michigan. | The purchaser pays the sales tax to the company | The company selling the items | No procedure is required of the 4-H group. **Example:** As a fund-raiser, the Friends Around the World 4-H Club sold candles from the ABC Candle Company. The 4-H group did not purchase the candles but rather the members took orders (thus, the group was only serving as a pass through). Purchasers made their checks payable to the 4-H group; the group wrote one check to the company for all the candles ordered. The ABC Candle Company sent the 4-H group a check for the amount they earned based on the number of candles sold. The 4-H members did not collect and remit sales tax because the ABC Candle Company was responsible for collecting the sales tax (in the selling price) and remitting the tax to the State of Michigan. Note that it doesn’t matter if purchasers make their checks out directly to the fund-raising company or to the 4-H group – in either case, the 4-H group does not pay sales tax. |