

Memorandum of Understanding
Between
The Cooperative Extension Service, University of Arkansas
And
The _____ County Master Gardeners 501c3 Organization

In order to clarify the relationship between the University of Arkansas Cooperative Extension Service and the _____ County Master Gardener's 501c3 organization, this memorandum of understanding has been established.

Master Gardeners operate in many counties in Arkansas and serve to extend the educational resources of the University of Arkansas through horticulture education and community service related to horticulture.

Master Gardener Groups should follow the general financial guidelines for volunteer groups as outlined in the *Guidelines for County Financial Operations for Master Gardener Groups*.

Each Master Gardener county program must seek authority from the Associate Vice President for Agriculture-Extension to use the Master Gardener emblem, and title University of Arkansas Master Gardener. In general, the service mark registration confirms the University's right to prevent others from using confusing similar marks on similar goods or services in the State of Arkansas and possibly other geographic areas in which the mark is used.

Authorization for use of the Master Gardener title and Master Gardener emblem is for the period of one year. Form AFFACT-663, Annual Request for Official Approval of a Master Gardener Program and Certification of Nondiscrimination will be on file in the County Extension office for each Master Gardener program approved to use the Master Gardener title and emblem.

Master Gardener programs may incorporate themselves as a 501c3 non-profit tax-exempt organization. Master Gardener groups that incorporate as a 501c3 organization will be responsible for all applicable federal and state tax and legal compliance issues. The 501c3 Master Gardener group must adhere to all Cooperative Extension Service guidelines as stated in the *Guidelines for County Financial Operations for Master Gardener Groups* and the *Master Gardener Program Management Guide*.

501c3 programs having annual gross receipts less than \$25,000 are not required to file a tax return. An annual audit should be performed each year. You may choose to conduct a peer review audit using an appropriate audit committee. If the 501c3 program has annual gross receipts normally more than \$25,000, they will be required to file an annual

IRS form 990—Return of Organization Exempt From Income Tax. An audit should be done by an independent certified public accountant.

Volunteer groups also have certain responsibilities regarding accepting and acknowledging gifts and donations. Since donors may deduct contributions to 501c3 tax-exempt non-profit groups, the 501c3 group has a responsibility to acknowledge that gift/donation in the appropriate way. This may involve either a receipt and/or a letter of thanks for the gift or donation. The 501c3 group should only verify the receipt of the donation, and not assign any value. It is the responsibility of the donor to determine the fair market value.

When any merchandise is purchased from a group, or a non-cash contribution is made, only the amount paid in excess of the fair market value of the item may be deducted as a charitable contribution. Again, it is the responsibility of the purchaser, not the 501c3 to determine the fair market value of a product.

For cash gifts of \$250 or more, the IRS requires donors to have official receipts. This requirement applies to donors who itemize contributions on their tax returns, but it is highly recommended that you provide official receipts for all gifts of \$250 or more, regardless of the donors tax filing intentions.

The IRS requires that the Master Gardener 501c3 group must maintain copies of these receipts for seven (7) years. In addition, 501c3 groups are asked to send copies of these documents to the Cooperative Extension's Office of Development, 2301 S. University Avenue, Little Rock, AR 72203, as soon as possible after the donor acknowledgement has been sent.

A. CES Agrees to:

1. Conduct its programs in such a way to maintain the public trust and safeguard the positive image of the organization.
2. Provide training materials, and educational support of the University of Arkansas Cooperative Extension Service Master Gardener program.
3. Provide training opportunities to further horticulture knowledge and leadership skills.
4. Provide training opportunities for volunteer groups to conduct their financial affairs using sound accounting principles.

5. Accept certain fiduciary oversight responsibilities for these volunteer groups, including reviewing audit reports and providing a place where certain financial records can be kept.

B. Master Gardener groups agree to:

1. Conduct its organization in a professional manner consistent with the educational mission of the University of Arkansas Cooperative Extension Service.
2. Conduct its organization in compliance with all guidelines set forth by the state guidelines for the University of Arkansas Cooperative Extension Service Master Gardener program.
3. Accept compliance responsibility for all federal and state laws and regulations pertaining to 501c3 organizations.
4. Adhere to all civil rights laws, including open access to membership and programs.

Modification of Agreement

Either party may modify this agreement at anytime. The terms of the agreement must be mutually agreed upon to be in effect.

Approval

This agreement has been approved by:

President

Date

County Agent

Date

Dr. Ivory W. Lyles
Associate Vice President for Agriculture-Extension
University of Arkansas Cooperative Extension Service

Date