

# Understanding 4-H Club Finances

(for leaders advising youth treasurers)



**Because 4-H is a public organization, a higher standard of accountability and integrity is expected in handling finances.**

The money clubs receive from dues, bake sales and other fund-raising events is owned by the club, not by any one member or leader of the club. Because 4-H is a public organization, it is not “owned” by individuals the way a company is owned. Instead, 4-H is owned by the public and funds generated in the name of 4-H become public dollars.

## **What skills do 4-H club members gain from being responsible for public dollars?**

Club members learn how money flows into and out of an organization. When members have the chance to manage public funds, they learn to be responsible for the money they bring in as a group and how it is spent. The 4-H club is a safe environment to learn how to live within budget, to practice managing money and to learn from successes and mistakes.

## **What skills does the 4-H club treasurer gain in this officer position?**

The 4-H treasurer learns very specific skills related to their role: how to write checks, make a deposit, balance a check book, handle cash appropriately, make a financial report to the club and how to prepare an annual financial report.

## **4-H Leader’s Responsibility**

You can help protect the treasurer and your 4-H club from conflict by encouraging them to be careful, responsible and accurate when handling the club’s finances. The *Wyoming 4-H Club Treasurer’s Handbook* is the official guide and when fully utilized it will help you and your club’s treasurer meet the high standards required of 4-H clubs for handling public money. These standards apply whether a club has \$1 or \$1,000 in the treasury. This handout highlights some of the procedures you will find in the treasurer’s handbook.

## **4-H Name and Emblem:**

A 4-H Charter is the only document that officially recognizes a 4-H Club or Affiliated 4-H Organization and authorizes its use of the 4-H Name and Emblem for the conduct of 4-H Youth Development programs. All groups who use the 4-H name and emblem must follow Federal policies and rules.

## **Financial Requirements:**

Federal regulations governing the continued use of the 4-H name and emblem require annual financial reporting and accountability.

- Every account that holds monetary funds in the name of 4-H **must** have a unique Employer Identification Number/Tax Identification Number (EIN/TIN). This number is linked to the National 4-H Group Exemption Number through the IRS SS-4 Form process. The SS-4 form must be signed by a county educator as an executor/trustee.
- UW policy dictates the signature card for each 4-H account has a minimum of four active signers, two of which must be UW CES employees. This facilitates account closure/transfer in the event a club is dissolved. It is not necessary or recommended for UW CES employees to sign checks.
- An *Income & Fundraising Request Form* (in the treasurer’s handbook) must be submitted by the club to the County 4-H Council/Board for approval for fundraisers that may earn more than \$50.
- At the end of the 4-H year, each club/committee is required to submit a completed treasurer’s handbook to the county UW CES Office.
- It is **required** the county educator make a copy to keep on file for each club/committee the following pages from the treasurer’s handbook. These are the necessary documents to perform an audit on the financial records of each club or committee. This also provides transparency of financial records to the public.
  - Chart of Accounts
  - Annual Inventory Report

- Annual Financial Report
- Treasurer's Book Audit Form
- Fundraising request forms collected throughout the year

### **Financial Guidelines:**

Individuals handling club funds are youth elected by the club membership. Setting a reasonable limit in the financial accounts they work with, provides a safety net to the treasurer and the club. It's a way to allow youth full access to and responsibility for managing the club's funds while controlling the risk of financial loss.

- Each 4-H club/committee is allowed to have only one checking (ending balance not to exceed \$1,000) and one savings account (ending balance not to exceed \$2,000)
- Balances may exceed stated limits if the club has identified a specific purpose and established a respective fundraising goal that may take several years to reach.
- Excess funds can be safely kept in the county 4-H council or 4-H Foundation's treasury in a line item designated for your club.

### **Developing a Budget:**

Some clubs prepare a budget for the year. A budget is a written plan for raising and spending money by the club. Budgets are usually developed at the beginning of the year. A great place to start is by working with the club members to set their club goals around educational learning activities, community service projects and other club activities. When you know what the club wants to do, then you can begin to figure out how much it might cost and how the club wants to pay for it – through dues, fundraising or personal expenses of each family.

### **Fund Raising Guidelines:**

- All money raised using the 4-H name must be used only for 4-H purposes. Funds cannot be used for personal gain.
- Fund raising should only be conducted to meet a club goal. There must be a definite plan to account for funds raised.
- The *Income & Fundraising Request Form* is used to communicate fundraising plans by clubs/committees to the County 4-H Council. This open communication helps everyone know about 4-H fundraising efforts being planned and can minimize the likelihood that one business or organization is overly burdened with requests.
- Other income generating means (i.e. donations, dues, etc.) can be spent at the discretion of the club members.

### **Club Property:**

4-H clubs/committees sometimes purchase items such as panels, fans, popcorn machines, roasters, sewing machines, etc. An inventory of all items purchased or donated in the name of 4-H must be kept on file. Use the *Annual Inventory Report* found in the treasurer's handbook to record club property. When a club dissolves, the property remains owned by 4-H and should be delivered to the County Extension Office for future use in 4-H activities.

Information adapted from:

- *Wyoming 4-H Club Treasurer's Handbook* available at [http://4-h.uwyo.edu/Wyo4H/4-HWebsite/Publications/Organization\\_Kit\\_Main.htm](http://4-h.uwyo.edu/Wyo4H/4-HWebsite/Publications/Organization_Kit_Main.htm)
- National 4-H Headquarters Fact Sheet, *Charters: The Key to Official Recognition*
- Wyoming 4-H Philosophy Fact Sheet, *Financial Recommendations*, 2008
- Wisconsin 4-H Club Financial Handbook for Leaders, 1998