



4-H MONEY BASICS

June 2018

4-H Money Basics provides a general overview of best practices and guidelines for handling 4-H money.

4-H Money = Public Funds

- A 4-H Charter is the only document that officially recognizes a 4-H Club or Group and authorizes their use of the 4-H Name and Emblem to conduct 4-H Youth Development programs.
- All money received by a 4-H Club or Group is public money as 4-H is a public organization.
- No one can be denied membership due to financial hardship. Club dues, if any, should be reduced or waived in the case of financial need.
- Federal regulations governing the continued use of the 4-H Name and Emblem require annual financial reporting and accountability.
- All moneys received from 4-H fund raising programs, except those necessary to pay reasonable expenses, must be expended to further the 4-H educational program.
- The 4-H treasurer is responsible to all members, volunteer leaders, 4-H Youth Development staff, and the public.
- UW-Extension has oversight for 4-H programmatic and financial accountability.

Managing 4-H Money

- 4-H funds must be deposited in a FDIC or NCUA insured public financial institution in an account bearing the 4-H name.
- An Employer Identification Number (EIN) is needed to open a checking or savings account. This is the Federal Identification Number. Work with 4-H Youth Development staff when applying for an EIN number. Personal social security numbers are never to be used on any 4-H financial account.
- The 4-H Club or Group should develop an annual budget. The budget is used by members, treasurers and others for planning expenses and paying bills. A budget should represent a reasonable expectation of projected expenditures and income for the 4-H Club and Group. A budget must be approved by the members.

Best Practices

- The treasurer position in a 4-H Club is a youth position. This is a valuable youth leadership role.
- If your bank allows it, checks should require 2 signatures: the club treasurer and an adult volunteer leader. The two signatories should not be related to each other. Avoid having a parent-child as both signatories.
- Use good money handling practices:
 - Write a receipt for all monies received. The receipt should include the amount, source of the funds (such as a car wash or plat book sale), the date, and the name of the person making the payment. Receipts are back-up records for bank deposits made. Receipts should become a permanent part of the club files.
 - Deposit all monies into the bank account promptly.
 - Pay all bills promptly.
- Members need to approve payments. This is done through the approved budget. If the payment is outside the approved budget, a vote is needed by the membership at the next meeting.
- Financial records should be kept up-to-date and reported at each 4-H Club or Group meeting.
- A 4-H Club/Group (including the 4-H Leaders Organization) is discouraged to open a credit card account, as it invites mismanagement. Purchases should be pre-approved and receipts should be presented for reimbursement.

Fund Raising Guidelines

- Fund raising should only be conducted to meet a specific 4-H Club or Group educational goal.
- Generally, money raised during the year should be spent that same year.
- Discuss fund raising plans with 4-H Youth Development staff.
- Check with 4-H Youth Development staff before putting the 4-H Name and Emblem on any item you intend to sell for profit. See the 4-H Name and Emblem resources on the Wisconsin 4-H website for additional help.
- In connection with 4-H fundraising purposes, the following disclaimer must be used on products or services offered for sale: "A portion of the sales price of this product or service will be used to promote 4-H educational programs. No endorsement of the product or service by 4-H is implied or intended."

- 4-H Clubs and Groups that plan to conduct raffles or bingo, must comply with state regulations and obtain licenses from the State of Wisconsin License, Permit and Registration Services. Contact your County Educator for more information.
- If a 4-H Club or Group is considering a major expenditure (over \$500) or purchasing capital equipment (an asset which has a useful life of more than one year) the 4-H Club or group must secure written approval from the 4-H Youth Development Educator prior to the purchase of the item.

Financial Reporting

- A financial report should be made to members at every meeting.
- All 4-H clubs and groups should use the cash accounting method. Under the cash method:
 - Include in your gross income all items of income you actually receive during your fiscal year. Example: On June 30, 2018, Mrs. Sycamore sent you a check for club t-shirts. You received the check on July 2, 2018. You must include the amount of the check in income for the 2018-2019 fiscal year and not the 2017-2018 fiscal year.
 - You generally deduct expenses in the fiscal year in which you actually pay them. You can deduct an expense you pay in advance only in the year to which it applies. So if you have paid in advance for a club t-shirt order in June and receive checks from parents over the June-July 'divide,' report the amount paid out for the t-shirts in June, and the checks from the parents in the year they were received and put a note regarding the outstanding checks in your report in order to help the auditor balance the books.
- The 4-H Club or Group Annual Financial Report **must** be submitted on time each year to 4-H Youth Development staff as part of the annual 4-H Charter Renewal packet.
- The Wisconsin 4-H fiscal year is July 1 through June 30.
- If a 4-H Club or Group has excess funds as defined by the Wisconsin 4-H Youth Development Policies, a 5 year plan to spend down the funds must be put in place with 4-H Youth Development staff.

State Tax Facts

- 4-H Clubs and Groups are eligible to receive and use a Wisconsin or Tribal sales tax exempt number. To obtain a sales tax exempt certificate, contact 4-H Youth Development staff.
- When a Wisconsin or Tribal sales tax exempt number is used, you do not pay sales tax on purchases made for the 4-H Club or Group.
- 4-H Clubs and Groups may or may not have to charge sales tax on fund raisers. Additional information is on the 4-H Financial Management webpage.

Dissolution Clause

- All 4-H entities need to include the following dissolution clause in their bylaws or guidelines:
Upon dissolution of the 4-H club, any assets must be turned over to a recognized 4-H club or group, with the approval of the 4-H Leaders Association and the county 4-H Youth Development Staff.

Discuss Money with Your 4-H Club or Group

- Members should vote on dues annually.
- Members should decide if fund raising is needed to have funds for their planned activities.
- Members should approve a budget.