

Section 5: Money Matters

4-H clubs and special interest programs, like any other organization has expenses and income (from dues and/or fundraising). The procedures used to record the flow of money, pay bills and account for ways in which club funds are used, provide 4-H club treasurers with valuable experience in fiscal management. Discussing required financial procedures with the whole club and enforcing them is one way of teaching youth about the importance of money management for both groups and individuals. Tool L-17, 4-H Club \$\$\$\$ Checklist will help you keep track of the club's money matters through the year.

Because a 4-H club is an official entity of Cornell Cooperative Extension it must operate within the fiscal parameters set by the CCE system. As a tax-supported organization Cornell Cooperative Extension must ensure that all monies raised or collected by groups under its auspices are used for appropriate purposes and are accounted for properly. *The financial procedures that must be followed by all 4-H clubs are detailed on pages 5-2 to 5-5.*

The 4-H Club Treasury

A 4-H club treasury is intended to support the planned projects and educational activities of the club's members. Clubs may collect dues (the amount being decided by the members with input from parents and leaders) at regularly scheduled business meetings. Some "jump-start" the treasury by collecting a larger amount at the beginning of the club year.

Other possible sources of revenue include:

- Countywide 4-H fundraisers - The 4-H Office will sponsor a countywide fundraiser with a percentage of the money earned returned to the clubs which participate.
- Club fundraisers - All clubs that wish to do an individual fundraiser MUST participate in at least one of the county sponsored fundraisers or make a club contribution of at least \$5.00/4-H member to the Cooperative Extension Association. Clubs must receive written approval from the 4-H office before conducting any type of fundraiser. Fund raising should not be a major goal of the 4-H group, but should be limited to meeting short-term needs. See "Fund Raising Form" (Tool L-20 at the end of this section)

Any funds raised in the name of 4-H are, in fact, property of Cornell Cooperative Extension Association of Erie County. In case a club dissolves or becomes inactive, the money in the club's treasury should be returned to the 4-H office.

Read the next 4 pages carefully for detailed information about procedures your club must follow to handle its money matters responsibly. Information about officer responsibilities, bank accounts, required financial reporting, and fundraising is included.

4-H Clubs cannot renew membership or continue their club charter with Erie County 4-H until the Financial Statement from the previous 4-H year is turned in to the Cornell Cooperative Extension Office.

Financial Procedures for 4-H Clubs

Responsibilities

The club, when organized, must agree to:

- maintain records of contributions received and financial transactions;
- submit a report of its programs, events, etc. to the extension office on an annual basis;
- **submit a financial statement, including all financial transactions, to the extension office at least annually** (see Tool L-18); 4-H Club Financial Statement
- *The 4-H Club cannot renew membership or continue charter until the financial statement from the previous 4-H year is turned into the office.*
- apply for its own tax identification number if the club maintains a bank account (Form SS-4 at the back of this section).

Note: A tax identification number is *not the same* as a sales tax exemption number. 4-H clubs **cannot** use the Cornell Cooperative Extension Association's sales tax exemption form to purchase supplies or resale items. If a club is assuming leadership for a project or program for the extension association, it may be possible to purchase the needed supplies through the association; check with the Extension Educator.

Club Records

1. The club-elected **secretary** will keep accurate minutes of each business meeting including the treasurer's report. The secretary will also read the minutes of the previous meeting for approval. The elected **treasurer** will report the amount of money collected, the amount of bills paid since the last meeting and the current balance.
2. A **volunteer leader** of the club will ensure that the treasurer understands his/her duties, as described in the treasurer's record book and this document.

Safe-guarding Funds

1. It is recommended that each club have a checking account in which to deposit all cash or checks received from club sales, collection of cash from club members for activities, or donations made to the club. A copy of the letter to the Extension Program Leader requesting approval to form a club, and a copy of the reply from the program leader recognizing the group as a sanctioned club, should accompany the application.

If your 4H club plans to maintain a bank account, it must apply for a **federal employer identification number** by submitting an SS-4 form and other applicable organizational material to the IRS (see Tool L-22).

A club may use **only its own** federal employer identification number to establish a bank account. A club **cannot** use the Cornell Cooperative Extension Association's federal employer identification number; **individual social security numbers must never be used for a club bank account.**

The club is responsible for filing an annual tax form (IRS Form 990) if the group has annual gross receipts regardless of the amount of money in their account.

NOTE: 4-H clubs and special interest groups must submit an annual financial statement (see Tool L-18) to Cornell Cooperative Extension Association of Erie County **regardless of the amount of gross receipts.**

a. *If a checking account does exist, the volunteer leader is to ensure that:*

- deposits are made in a timely manner;
- another club member, not the treasurer, is elected to reconcile the monthly bank statements with the treasurer's book;
- all payments of bills made by the club or group are to be made by check, and with supporting documentation (bills, statements, packing slips, etc.). All bills are canceled (marked "paid" and dated) as they are paid;
- another club member, not the treasurer, is elected to be the check signer. The member authorized as the check signer reviews the supporting documentation for each check.

b. *If a checking account does not exist, the volunteer leader is to ensure:*

- another club member, not the treasurer, is elected to reconcile the cash, receipts, and bills with the treasurer's book on a monthly basis;
- cash is adequately secured and safeguarded;
- all payments of bills made by the club are to be made with supporting documentation (bills, statements, packing slips, etc.). All bills are canceled (marked "paid" and dated) as they are paid.

2. It is **not** recommended that a club open a savings account or other interest bearing account.

3. Every club handling funds must use an audit committee to examine and verify the accounts of the club at the end of the 4H year and, if applicable, to review all tax filings (current IRS regulations require a filing annually; we are awaiting information on this matter from our state office). The chairman of the committee should make a report to the club and file a written statement (See Tool L-19, 4-H Club Audit Report) with the elected secretary that becomes a permanent record in the club's minutes. An audit committee prevents misunderstandings and protects the outgoing and incoming treasurers of the club. Such a committee is usually appointed by the president of the club at the time the books are to be audited.

Club Balance

A club should not carry a balance exceeding \$500 into the new fiscal year. If a club has a balance in excess of \$500 at year-end the financial activities of the club must be included in the Cornell Cooperative Extension Association's accounting records for proper safeguarding of funds and financial reporting. The Extension Educator will review the status of the club with the Associate Director of Operations to determine if the funds should remain with the club or be included in the association's accounting records.

If the decision is made that the funds must be included in the association's accounting records for proper safeguarding and financial reporting, ***the funds must be transferred to the extension association***. The funds will be clearly identified in the accounting records as belonging to the specific club. All financial transactions will be initiated by the Club's treasurer, but performed by the Extension Association. Financial statements will be provided by the association to the club on a monthly basis for use by the club at its meetings.

Payment for Personal Services Rendered

Clubs must consult with their Extension Association if they wish to pay anyone for personal services.

Members and leaders can be reimbursed for expenses (supplies, snacks, etc.) agreed to by the club.

Non-cash donations to 4-H clubs should be acknowledged in writing to the donor. A copy of the acknowledgement must be kept in the 4-H club's treasurer records. Non-consumable donations such as equipment or animals should only be accepted if the 4-H club is prepared to accept the responsibilities of ownership including care, maintenance, and insurance. Written acknowledgment should be sent to the donor; a copy must be kept in the 4-H club treasurer's records.

4-H clubs should not feel compelled to accept non-cash gifts. The 4-H Office should be contacted whenever the 4-H club has questions about the appropriate action with respect to accepting and managing any donation.

Disbandment of Club

When a 4-H club disbands, all assets (including equipment, property, bank accounts, etc.) must be submitted to Cornell Cooperative Extension Association of Erie County.

Fundraising

1. Prior to beginning a fund raising activity, the club needs to ensure that it will be in the best interest of the club and **must receive permission** from the appropriate Extension Educator to raise funds in the name of 4-H. The required request form must be submitted to the Cornell Cooperative Extension 4-H office at least 30 days before the proposed fund raising date. (See Tool L-20; Fundraising Guidelines for 4-H Clubs and Request for Permission to Raise Funds in the name of 4-H.)

Fund raising activities may be conducted on an individual club basis or in conjunction with other local clubs.

2. Use the following cash control procedures when your club collects cash or checks:
 - ***Door-to-door sales*** - As the club member receives cash for a sale, a sales summary form must be completed. All cash and a copy of the sales summary form are to be given to the chairperson responsible. (***Reminder:*** Cloverbud members are prohibited from participating in door-to-door sales.)
 - ***Fair Booth*** - Cash collected should be under the control of two people whenever possible, particularly when it is not practical to issue receipts. For example, at the end of each day, cash taken in at a fair booth should be counted by two people and a cash summary sheet should be prepared (see Tool L-21; Sample: Cash Summary Form for 4-H Sales). Use of a cash register is advised.

NOTE: Fundraisers which require the collection of sales tax *will not* be approved.

3. On a timely basis, all cash and checks received from the club's sales or fair booths must be deposited in the club's bank account and a copy of the deposit slip given to the treasurer.

(limited update of this section in September 2008)