

# 4-H MONEY MATTERS FACT SHEET 1

## 4-H MONEY BASICS

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*4-H Money Basics* provides a general overview of best practices and guidelines for handling 4-H money. This is the first in a series of *4-H Money Matters Fact Sheets* for 4-H Youth Development volunteers. The series will cover a variety of facts, tools and links to additional information with the goal of helping volunteers ensure that 4-H money is safe and accountable.

### 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 because 4-H is a public organization.
- Federal regulations governing the continued use of the 4-H Name and Emblem require annual financial reporting and accountability.
- Funds raised in the name of 4-H must be publicly accountable and must be used for 4-H educational purposes.
- 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, the 4-H Youth Development agent, and the public.
- CSU 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 the 4-H Youth Development Agent 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 or Group is a youth position. This is a valuable youth leadership role.
- Checks should require two (2) signatures: the club treasurer and an adult volunteer leader is preferred. The two signatories should not be related to each other.
- 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 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.
- A payment approval form should be used and the receipt from the purchase should be attached.
- Financial records should be kept up-to-date and reported at each 4-H Club or Group meeting.

### Fund Raising Guidelines

- Money raised in the name of 4-H must be used for 4-H educational purposes.
- 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 the 4-H Youth Development Agent.
- Check with the 4-H Youth Development Agent before putting the 4-H Name and Emblem on any item you intend to sell for profit.
- 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."

- 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 Agent prior to the purchase of the item.

### Financial Reporting

- A financial report should be made to members at every meeting.
- The 4-H Club or Group Annual Financial Report **must** be submitted on time each year to the 4-H Youth Development Agent as part of the annual 4-H Charter Renewal packet.
- The Colorado 4-H fiscal year is July 1 through June 30.
- If a 4-H Club or Group has excess funds a plan to spend down the funds must be put in place with the 4-H Youth Development Agent.

### State Tax Facts

- 4-H Clubs and Groups are eligible to receive and use the Colorado 4-H Foundation sales tax exempt number. To obtain a sales tax exempt certificate, contact the 4-H Youth Development Agent.
- When the 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. Contact the county 4-H Youth Development Agent for more information.

### Dissolution Clause

- All 4-H entities need to include the following dissolution clause in their bylaws or guidelines:  
*Upon dissolution, this club's/group's assets including money and equipment, shall become the property of the County 4-H program for care and disposition and the club/group authorizes Colorado State University Extension and the county Extension agent full rights to access bank records, bank funds, and all other banking authority.*

### 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.

### For More Information

- [www.colorado4h.org](http://www.colorado4h.org)
- 4-H National Headquarters (<http://www.national4-hheadquarters.gov/>) provides the national 4-H policies including the regulations regarding use of the 4-H Name and Emblem.

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