

FINANCIAL MANAGEMENT

4-H Program Management Domain

This resource contains general guidelines and best practices for financial management. All states will have their own rules and procedures. You must check with your state for your best practices and specific operating procedures.

4-H Funds = Public Funds

4-H clubs or groups are open to all youth regardless of race, color, religion, sex, sexual orientation, transgender status, gender expression, national origin, citizenship status, age, disability, or genetic information.

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 operated by a University. The money that groups receive from dues, bake sales, and other fundraising events is held by the group, not by any one member or any group leader. The University owns the funds, and the group stewards those funds. Therefore, the responsibilities of the 4-H club and group treasurer are pretty different from those of a private company treasurer. The treasurer of a 4-H group is responsible not only to the other officers but also to the other members, the adult leaders, the University, and the public.

When handling funds for a public group, you must meet very high accountability standards. These standards apply whether a group has 25 cents or \$2,500 in the treasury. Conflicts may arise if money is not handled carefully and accurately. You can protect yourself and your 4-H group from conflict by being careful, responsible, and

accurate when managing the group's finances.

4-H Money

Most 4-H groups have only cash or bank accounts to manage. If you have other assets, you should work with your local Extension professional to ensure these are handled appropriately.

- 4-H funds must be deposited into a financial institution bearing the 4-H club/group name.
- An employer identification number (EIN) is needed to open a checking or savings account.
- All checks should require two signatures of people unrelated to each other (preferably one youth and one adult).

Treasurer Best Practices

- Deposit all funds promptly based on guidelines from your local Extension professional.
- The treasurer should endorse checks immediately when they are received.
- Expenses should be approved by club or group members and should follow the club/group budget.
- No payment that has not been approved by club or group members should be made. A copy of the approval should be kept with the payment record.
- Financial records should be kept current and reported at each club meeting. The treasurer keeps the bank statement, payment approval, annual summary financial reports,



and all receipt books in the group's permanent records.

Best Practices for Receipts

- When you receive money from a fundraising activity, always write a receipt. Writing a receipt takes a little time, but it helps protect your reputation. Without a receipt, there is no way to prove that your 4-H club or group received a specific amount of money or that you handled it correctly.
- If your 4-H group holds a fundraiser such as a bake sale or car wash, you do not need to write a receipt for each person buying a cookie or having their car washed, but you (or the shift leader) need to write one at the end of each shift or the end of the day. Each group of workers must account for the money they have received.
- Two people should count the money, agree on the amount, and turn the money over to the treasurer. The treasurer should verify the amount in the presence of the people giving the money and then provide them with a receipt for the amount they gave you.

Dissolution Clause

- All 4-H entities must include a dissolution clause in their bylaws or guidelines specifying how any remaining funds will be handled. An example of a dissolution clause is:

“Upon dissolution of the 4-H club, any assets will be permanently dedicated to nonprofit purposes

and turned over to another recognized 4-H club, unit, or group with the approval of the 4-H County Extension Program.”

Additional Best Practices

- 4-H Club Annual Financial Reports and possibly other state-specific information must be submitted on time each year to the local 4-H Extension office to continue to use the 4-H Name and Emblem.
- Check with your specific state regarding any sales tax facts, requirements, or other particular rules about your state.
- 4-H fundraisers must always have a purpose, and the purpose of the fundraiser should be approved by a 4-H professional and shared publicly.
- 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 that plan to conduct raffles or bingo must comply with state regulations and obtain any licenses required by the state.
- Follow all guidelines as outlined by your state for filing your IRS Form 990.
- Generally, money raised during the year should be spent within the same year.

References

Adapted from McCollum, S. B., & Guerday, K. (2016). *North Carolina 4-H treasurer's record book*.

Adapted from North Carolina 4-H. (n.d.) *The club budget*.

Adapted from University of California. (n.d.). *Financial management*.

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