



# 4-H MONEY MATTERS FACT SHEET 3

## MANAGING 4-H MONEY

April 2012

### **Purpose**

*Managing 4-H Money* provides an overview of key elements of 4-H money handling. 4-H money is public money and must be handled with minimal risk and be highly accountable. These key elements, along with the additional resources listed below, can provide 4-H members and volunteer leaders with best practices in handling 4-H money.

### **Budget**

A budget is used by 4-H members, treasurers, officers and volunteer leaders for planning expenses and approving bills. The annual budget is developed and voted on by the members. The budget should reflect the reasonable projected expenditures and income for the 4-H Club or Group. It serves as guide the decision for any fund raising that may be needed. See the [Club Management Tool Kit/Budget Tool](#) for additional resources.

### **Depositing and Investing 4-H Funds**

As with all public funds, there are specific rules and regulations that must be followed to ensure proper use and minimal risk. With the oversight from the 4-H Youth Development Educator, 4-H Clubs or Groups have options for depositing and investing funds. See the [Wisconsin 4-H Youth Development Policies](#) for additional details. These are in order of preference.

- A. FDIC or NCUA Institution: Funds may be deposited or invested with a FDIC (Federal Deposit Insurance Corporation) or NCUA (National Credit Union Administration) insured institution. This option includes the use of savings accounts, checking accounts, money markets accounts and certificates of deposits.
- B. Wisconsin 4-H Foundation: Funds may be invested in an endowment fund made available according to the Wisconsin 4-H Foundation policies to produce long-term stable support for a 4-H Club or Group.
- C. County UW-Extension Account: These accounts are focused on short term or designated funds and need the written approval of county government and UW-Extension prior to opening the account. Examples include grants or specialized programs.
- D. State UW-Extension: These accounts are focused on short term or designated funds and need the written approval of UW-Extension prior to opening the account. Examples include grants or specialized programs.
- E. Other 4-H Foundation or Endowment or Long Term Investment Fund: This requires an application process that results in written approval by UW-Extension prior to placing 4-H funds into a long term investment account other than with the Wisconsin 4-H Foundation.

### **Excess Funds: Limits to the Money 4-H Clubs and Groups Can Have**

4-H Clubs and Groups may have the current year's projected expenditures and one additional year's expenditures as the sum total of all financial accounts OR \$1,000 whichever is greater. At no time, can the 4-H Club or Group go over this limit. If they do, they must work with the 4-H Youth Development Educator to create a 5-year plan to spend down excess funds or transfer the funds to an approved endowment fund. The 5-year plan must be pursuant to an actual and specific youth development goal, include specific steps and be accomplished in 5 years or less. See 4-H Money Matters Fact Sheet 7 for more information.

### **Capital Equipment or Major Expenditure**

If a 4-H Club or Group is considering a major expenditure (over \$500), purchasing capital equipment (an asset which has a useful life of more than one year) or accepting a capital equipment gift, the 4-H Club or group must secure written approval from a 4-H Youth Development Educator prior to the purchase of the item or acceptance of the gift using the [Considering Expenditures of Over \\$500, Capital Equipment and Gifts](#) guide and decision tree.

### **Record Keeping**

The 4-H Club or Group Treasurer needs to take charge of all money taken in by the 4-H Club or Group. They need to maintain all financial accounts, keep accurate records of money received and disbursed, and make financial reports to members at each meeting. The treasurer must make sure that all bills are paid and deposits are made in a timely fashion.

Bills can be paid if included in the approved budget of the 4-H Club or Group or in the minutes of 4-H meetings. Retention of receipts and cancelled checks provide evidence of all payments and deposits. Accurate record keeping of all deposits and payments is critical.

### **Fund Raising**

Fund raisers should promote healthy youth development and provide an educational experience for 4-H members. Fund raisers should only be conducted to meet a specific goal established through broad input of the 4-H organization's membership. Generally, money raised during the course of the 4-H fiscal year should be spent that same year, unless it is for a long term goal. Long term goals require an approved 5-year plan as outline in the [Wisconsin 4-H Youth Development Policies](#).

### **Donations, Gifts and Bequests**

4-H Clubs and Groups can accept donations, gifts and bequests. As a nonprofit group and a subsidiary of UW-Extension 4-H Clubs and Groups GEN (general exemption number), 4-H Clubs and Groups are exempt from paying federal income tax on funds raised on behalf of 4-H or to support educational programs. Donors may deduct contributions to 4-H Clubs and Groups as applicable under IRS codes. Donors may request a letter that verifies the nonprofit and federally tax exempt status of the 4-H Club or Group. Contact the 4-H Youth Development Educator for this letter if needed. A donation can be rejected if it does not further 4-H Youth Development goals.

### **Audit**

Any 4-H Club or Group that collects or pays out money must have a review or audit each year. The audit verifies the accounts and financial activities at the end of the fiscal year or prior to a new treasurer taking office. See 4-H Money Matters Fact Sheet 5 for more information.

### **Annual Financial Report**

The 4-H Club or Group Annual Financial Report is due to the 4-H Youth Development Educator as part of the 4-H Charter Renewal Packet. This two page report includes documentation of all financial accounts and their balances, funds received and dispersed, and evidence of the annual audit. See 4-H Money Matters Fact Sheet 6 for more information.

### **For More Information**

- [Wisconsin 4-H Youth Development Policies](http://www.uwex.edu/ces/4h/resources/policies/index.cfm). These include the financial policies. (http://www.uwex.edu/ces/4h/resources/policies/index.cfm)
- [Money Matters Website](http://www.uwex.edu/ces/4h/clubs/money.cfm) (http://www.uwex.edu/ces/4h/clubs/money.cfm) Includes tools to assist in handling 4-H money.
- 4-H Club Teaching Materials on [4-H Community Club Central](http://www.uwex.edu/ces/4h/clubs/meetings.cfm). (http://www.uwex.edu/ces/4h/clubs/meetings.cfm). This includes the 4-H Club Management Tool Kit as well as other valuable resources and links.
- [Financial Management Website](http://www.uwex.edu/ces/4h/resources/mgt/financial.cfm) (http://www.uwex.edu/ces/4h/resources/mgt/financial.cfm)
- [4-H National Headquarters](http://www.national4-hheadquarters.gov/) (http://www.national4-hheadquarters.gov/) provides the national 4-H policies including the regulations regarding use of the 4-H Name and Emblem.

### **Additional [4-H Money Matters Fact Sheets](http://www.uwex.edu/ces/4h/clubs/money.cfm)** (http://www.uwex.edu/ces/4h/clubs/money.cfm)

- 4-H Money Matters Fact Sheet 1: 4-H Money Basics
- 4-H Money Matters Fact Sheet 2: Financial Accountability
- 4-H Money Matters Fact Sheet 4: Fund Raising
- 4-H Money Matters Fact Sheet 5: Audits for 4-H Clubs and Groups
- 4-H Money Matters Fact Sheet 6: Annual Financial Report
- 4-H Money Matters Fact Sheet 7: Excess Funds and 5-Year Plans

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