Financial Policies for Clubs and Learning Communities

Purpose
Iowa 4-H Positive Youth Development provides opportunities for youth to develop skills they can use now and throughout their lives.

Raising and spending dollars is not a necessary part of a club or learning community; however, managing financial resources can help teach important life skills such as budgeting and recordkeeping.

Local Program Fiscal Oversight
Iowa 4-H is bound by the requirements of the United States Department of Agriculture (USDA), as 4-H is the youth development program for USDA, Cooperative Extension Service, and Land-Grant Universities. Federal programmatic leadership comes from the Division of Youth and 4-H within the National Institute of Food and Agriculture (NIFA).1

Iowa State University Extension and Outreach 4-H Youth Development is the holder of the federally protected 4-H Name and Emblem. The State 4-H Leader has the legal and ethical responsibility to ensure the public trust in the 4-H program. Counties are granted use of the federally protected Name and Emblem.2 Use of the Name and Emblem is conferred with the issuance of a Charter and in the Memorandum of Understanding.3

All monies raised in each district are ultimately under the purview of the Extension Council, in accordance with 12C.14 and 176A of the Code of Iowa5. Dollars raised by a club/learning community must comply with guidance from 4-H National Headquarters, National Institute of Food and Agriculture, United States Department of Agriculture.

Responsibilities of the County Extension District:

- Ensuring the volunteers on the financial account of a club/learning community have met screening and training requirements.
- Keeping records of financial reports, review documents, and financial recommendations for each charted club/learning community.
- Establishing a schedule for and the procedures to implement an annual financial review with clubs/learning communities. Items to review include, but are not limited to,
  - Club/Learning Community treasurer’s record
  - Bank statements

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1 https://www.law.cornell.edu/cfr/text/7/part-8
3 https://nifa.usda.gov/4-h-name-and-emblem
4 https://www.legis.iowa.gov/docs/code/12C.1.pdf
o Minutes documenting approval of the budget and any expenditures
o Receipts for deposits
o Invoices
o Written acknowledgement of donations

- Approve or deny fundraising activities of clubs/learning communities on behalf of the county 4-H program.6

Club/Learning Community7 Financial Policies
No matter the club/learning community’s intention to raise and spend funds, the club/learning community must be chartered. For those clubs that have been long established and verification of a valid charter is not available, issuance of a new 4-H charter is necessary.8

The club/learning community has two critical decisions to make:

1. Is the club/learning community going to raise and spend funds? If the answer is NO, no EIN or financial reporting is required.
2. Is the club/learning community going to have its funds within the Extension Council account? If the answer is YES, no EIN is required.
3. Is the club/learning community going to have its funds outside of the Extension Council account? If the answer is YES, an EIN is required.
   a. Obtain an Employer Identification Number (EIN) from the Internal Revenue Service (IRS).
   b. The name of the club/learning community is the name on the account.
   c. The County Extension office address is the address for the account.
   d. Statements must be accessible by County Extension District staff or sent to them monthly.
   e. The signatory card must be updated each time a new youth treasurer is elected or club/learning community leadership changes.
   f. Debit card use is not allowed under Iowa Code Section 176A.8.11.
   g. One adult volunteer must be named on the account. If the club/learning community has enough membership, two adult volunteers’ names should be on the account, along with the youth treasurer. These individuals must also be on the signatory card. The adults on the account must not be the parent or guardian of the treasurer, and must not be related to each other. If the institution does not allow youth to be listed on the account, a treasurer is still elected to carry out all other duties of the office.
   h. Document all monies received with a pre-numbered written receipt. Include the source of funds and the date. Receipts are a permanent part of the treasurer’s record.

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7 https://www.extension.iastate.edu/4hfiles/policy/20161025%204H%20Club%20Requirements%20and%20Definitions.pdf
8 4-H Charters, 4-H National Headquarters, National Institute of Food and Agriculture, USDA.
i. All noncash donations should be acknowledged in writing and a copy saved. Only the donor can assign a value to the noncash donation, not the club. Donors may not specify an individual recipient of donations.

j. Non-consumable noncash donations should only be accepted if the club/learning community is willing to accept responsibilities of ownership including care, maintenance and insurance.

4. With limited exceptions, 4-H clubs/learning communities are not exempt from paying sales tax on purchases. They are exempt from income tax.

5. If the club/learning community is going to raise and spend funds, the members must create a written budget that is approved by the members of the club/learning community. Items not included in this approved budget must be presented to the club/learning community for approval prior to payment, and recorded in the minutes.
   a. The club/learning community should hold an organizational meeting by January to elect officers and approve the budget.

6. Document all monies spent by recording all checks in the treasurer’s record. One adult and the youth treasurer should sign each check.

7. Funds shall not be used in any way to enrich individuals. Participation fees for educational events or workshops can be paid for on behalf of members, but checks will be made out to the event, and NOT to individual club members. Checks may be made to members for purposes of fair premiums, or for reimbursement of club expenses with a receipt.

8. Submit an annual financial statement and a copy of the written budget to the County Extension District office each January. A [sample report form](#) is available. The report should include income received and the sources, and all payments made, including the check number, date and purpose.

**Dissolution of a Club/Learning Community**

If a club/learning community no longer meets the minimum requirements for membership, or the members decide to disband the club/learning community, the adult volunteer(s) must notify the County Youth Coordinator or equivalent.

a. All monies and property must be transferred to the County Extension District to support future 4-H educational programming.

b. Club/learning community members may request that money be used for a specific 4-H program within the club, county or state.

c. If the club/learning community divides, creating more than one properly chartered club/learning community, the funds shall be dispersed evenly by membership.

d. If the club/learning community votes to allocate its funds, and cannot come to a majority vote, the funds will be dispersed by the Extension Council or its designee.

e. A dissolution form must be completed and filed with the County Extension District and uploaded into 4-H Online.
Fundraising Review Criteria

Local fundraising activities, including sponsorships, using the 4-H Name and Emblem may be carried out for educational purposes, but must have advance approval of the County Extension Council or its designee in accordance with the policies and procedures outlined by the district.

4-H clubs and learning communities may not use online fundraising sites such as GoFundMe, GiveForward or AmazonSmile.

Fundraising and community service are not considered to be the same thing. The key is if the funds are being raised using the 4-H Name and Emblem. If they ARE, they:

- Are in public trust and must be carefully managed to safeguard the image of the organization.
- Must be used to support the 4-H educational program, and for necessary and reasonable fundraising expenses.
- Belong to 4-H the program and not to an individual or group.
- Shall not be given to another entity, i.e. Fair Association.
- Must be raised and managed in accordance with federal and state laws and any related policies of Iowa State University.

Keeping Club/Learning Community Funds in the Extension District Operating Account

Funds kept in the County Agricultural Extension District operating account on behalf of a club/learning community, must follow all county Fiscal Policy guidelines and policies.

- Club/learning community funds do not qualify for management within an agency fund account. Club/learning community funds should be managed as 4-H youth program fee sub-funds.
- The County Extension Council should support the club/learning community in their efforts related to budgeting, recording and maintaining their financials to achieve the same learning outcomes and impacts they would if they were managing their own financial account at an independent institution.

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9 United States Department of Agriculture National Institute of Food and Agriculture, 4-H Name and Emblem, 4-H Professionals Handbook (Revised 2017).