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
4-H is the youth development program for USDA, Cooperative Extension Service, and Land-Grant Universities, or Iowa State University in Iowa. 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.

Club/Learning Community⁶ 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.⁷

Responsibilities of the County Extension District:
Starting in FY2019 County Extension Council will have a critical decision to make. The County Extension council must vote to give Club in their county permission to raise and spend funds outside of

¹ https://www.law.cornell.edu/cfr/text/7/part-8
² 4-H Core Principles and Organizational Structure, May 2016
³ https://nifa.usda.gov/4-h-name-and-emblem
⁴ https://www.legis.iowa.gov/docs/code/12C.1.pdf
⁷ 4-H Charters, 4-H National Headquarters, National Institute of Food and Agriculture, USDA.
the Extension Council account. If any Club is permitted to raise and spend funds then the following policies shall apply:

County Extension Councils shall:

- Ensuring the volunteers on the financial account of a club/learning community have met screening and training requirements.
- Keep records of financial reports, review documents, and financial recommendations for each charted club/learning community. The type of documentation should be determined by the County Extension District.
- Establish 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
  - Minutes documenting approval of the budget and any expenditures
  - Receipts for deposits
  - Invoices
  - Written acknowledgement of donations
- Approve or deny fundraising activities of clubs/learning communities on behalf of the county 4-H program.

Responsibilities of the Chartered 4-H Club:

The club/learning community also has 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, then the following must be done.
   a. Obtain an Employer Identification Number (EIN) from the Internal Revenue Service (IRS).
   b. The bank account name should be that of the club, not the EIN.
   c. The County Extension office address is the address for the bank 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 or youth fulfilling the roles of a treasurer or club/learning community leadership changes.
   f. Debit card use is not allowed under Iowa Code Section 176A.8.11.

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8 Fund Raising Review Criteria 4-H Name and Emblem, 4-H Professional’s Handbook, Revised 2017, 4-H National Headquarters, National Institute of Food and Agriculture, United States Department of Agriculture. https://nifa.usda.gov/4-h-name-and-emblem
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 club is not large enough to meet this criterion, it should run its finances through the County Extension District and not have its own account.
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.
i. Document all monies spent by recording all checks in the treasurer’s record. One adult and the youth treasurer should sign each check.
j. 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.
k. 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.

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.

General Expectations

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

If the club does not elect a treasurer, a youth should be chosen to manage the financial affairs of the club.

If the club/learning community is going to raise and spend funds, the members should create a written budget that is approved by the members of the club/learning community in September each year. 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. Even if club finances are run through the County Extension District, the club should have an annual budget. The budget is one way for club members to learn how to plan for money to be raised and spent in one year. A sample budget form is available.

If the Club finances are run through the County Extension District, one youth should fulfill the functions of a treasurer by providing a report to the club each meeting.
A club must submit an annual financial statement to the County Extension District office in August each year for review by the Extension finance committee or designee. 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. This is an annual requirement of maintaining a club charter, if the club raises and spends funds.

**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.

- All monies and property must be transferred to the County Extension District to support future 4-H educational programming.
- Club/learning community members may request that money be used for a specific 4-H program within the club, county or state.
- If the club/learning community divides, creating more than one properly chartered club/learning community, the funds shall be dispersed evenly by membership.
- 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.
- 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.

If funds are being raised under the 4-H Name and Emblem, 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.

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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).
11 United States Department of Agriculture National Institute of Food and Agriculture, 4-H Name and Emblem, 4-H Professionals Handbook (Revised 2017).
• If the fundraiser’s purpose is part of community service, the purpose must be disclosed in any promotions or advertising. Checks should be made directly to the community need, i.e. food bank, account set up to support a family or individual in need, county fair association, but not directly to the club or the County Extension District.

• It is permissible to use funds to pay for registration fees for club members to attend 4-H activities if approved by the club and payment is made directly to the organization, not the individual club member.