

## Extension District Financial Policies For 4-H Clubs and Learning Communities

### Reason for new financial policies

Extension district financial policies are being implemented because 4-H club and learning communities' funds are public funds and extension districts have fiduciary responsibilities to manage them. Public Funds, as defined in Iowa Code Chapter 12C.1, are those funds owned by a public entity such as a county extension district. This includes both tax and non-tax monies. All monies generated by users of the district entity are owned by the district, not the user, and are under the control of the local extension council.

All public funds are the legal responsibility of the extension council. Legal responsibility assigned by law cannot be transferred by extension council action. All public funds have the same legal requirements for accounting, reporting, auditing, proper signatures, segregation of duties, publishing, bonding, investing and uniform financial accounting procedures.

### Implementing financial policies

Extension districts recognize and encourage clubs to seek funding to support their activities. Fundraising events/activities teach youth the value of teamwork, budgeting and fund management. These funds are raised using the 4-H name and emblem.

To support club financial objectives, extension districts will serve as the depository of those funds by maintaining a separate budget line for each club within the county extension accounting system. These funds carryover from year to year. The 4-H Club Partnership Agreement, to be signed by the club and extension district, outlines the expectations and responsibilities of all parties as described below.

<b>County office/council services to 4-H clubs</b>	<b>4-H clubs agree to</b>
<ul style="list-style-type: none"> <li>• Provide payment within the regular billing cycle after being directed by the club</li> <li>• Provide club a monthly financial report with cutoff date the last day of the month</li> <li>• Receipt all revenue, make deposits to the bank per fiscal policy guidelines and post revenues to the club account line</li> <li>• Provide a receipt to club representative when funds are deposited in extension district account line</li> <li>• When requested, provide a W9 to any business from which a club purchases goods/services</li> <li>• Apply its "tax exempt status" when purchasing goods/services for a club</li> </ul>	<ul style="list-style-type: none"> <li>• Request reimbursement or payment of expenses, identify who the check is payable to and the purpose of the payment (i.e. food for meeting, club activity)</li> <li>• Provide extension district with receipts for all items purchased by check, cash and/or extension district credit card with two signatures from leader(s) and/or club treasurer on the receipt (may be completed electronically)</li> <li>• Provide minutes approving a payment amount with two signatures (leader(s) and/or club treasurer) on the minutes (may be completed electronically)</li> </ul>

<ul style="list-style-type: none"> <li>• Annually complete an audit of the extension district operating fund</li> <li>• Produce checks in support of time sensitive events/activities, when time permits</li> <li>• Include all checks, deposits and transactions on the monthly reports approved by the extension council.</li> <li>• Use the extension district credit card to support club activities and make payment at the next billing cycle to cover the expense from the club's account line.</li> <li>• Accept photos/scans of receipts sent by electronic means such as email and/or text</li> <li>• Provide training on processes and interpretation of fiscal reports</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor balances and not spend the balance into a negative at any time</li> <li>• Provide an itemized list of funds to be receipted by payee and/or member when turning over funds from multiple sources. (i.e. funds from a sales campaign, collected program fee payments)</li> <li>• Deposit all funds raised by the club to the club account line in the extension district operating fund</li> </ul>
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### Timeline

Extension districts will provide depository services effective immediately. Clubs may begin the process of passing their funds to the extension district operating fund by contacting the county extension council and staff. Clubs should be sure that all current checks and deposits have cleared before finalizing transfer of funds.

### Benefits to clubs

- There is no need to obtain an Employer Identification Number (EIN) from the Internal Revenue Service (IRS) nor maintain a signature card at a financial institution.
- Training will be provided to expand club volunteer, treasurer and member understanding of club finances and financial statements, enhancing leadership skills and confidence in money management.
- Club treasurer and/or club members will have assistance with monthly and year-end annual financial report.
- Public funds raised in the name of the club are secure; Iowa law calls for annual audit of district accounts.
- Extension district no longer needs to invoice a club for payment; journal entries will be used to support club payment decisions (i.e. program development fees, t-shirt sales, camp support, 4-H participation fees, etc.).
- Focus for clubs will be budgeting and financial management versus check writing.
- Clubs may submit annually their treasurer's book for review by volunteers/staff.
- Club volunteers/members no longer need to reimburse themselves for expenditures.
- Should a club disband, the club and extension council determines jointly how funds will be used to support county 4-H activities.
- Training opportunities on fiscal management, budgeting and process will be enhanced and on-going. County Services, extension council members and staff will work together to deliver training.

- The signed Partnership Agreement outlines expectations and processes for both the club and extension district.
- Club volunteers and families build a stronger relationship and have more frequent communication.

### **Auditor response**

The state auditor staff and legal counsel are focused on fund security and fiduciary responsibility. Both support and expect club funds to be managed, audited, published and meet all policies set forth in extension fiscal policy. Security and management of the club funds have the same requirements asked of local school district activity clubs, boosters and parent/teacher organizations. Other extension program groups/areas such as Master Gardeners, youth committees and youth councils are not permitted to maintain checking accounts separate from the extension district operating fund.

### **Bookkeeper perspective**

Deposits and the generation of checks are completed during normal operational timelines; the county credit card is used by staff to make purchases on behalf of clubs when possible; sales tax exemption is used. Invoicing clubs for payments completely ceases; electronic notification of payments and delivery of financial reports becomes the norm. Documentation of transactions are maintained and audited. Bookkeepers use 800- account numbers for club fund management. A report template is developed and resides within Microsoft GP to be used when generating club reports.

### **Pilot response**

Keokuk County Extension District piloted the support of club funds in the fall of 2016. The response from volunteers, families, extension council members and staff has been positive. The transition was easy for all involved. The inclusion of club funds does not affect carryover limits; extension district is aware of club finances and program activity.