



Iowa 4-H Youth Development

Financial Guidelines for Iowa 4-H Clubs and Groups

General Financial Guidelines for 4-H Treasurers

1. All 4-H clubs should establish a checking account at a public financial institution. 4-H clubs also need to obtain an Employer Identification Number (EIN) from the Internal Revenue Service. This number will need to be reported to your bank. While 4-H clubs are exempt from payment of income tax, the IRS may require 4-H clubs to file annual information returns. Contact your county extension office for current procedures on obtaining an EIN or filing of information returns. With limited exceptions, 4-H clubs are not exempt from payment of Iowa sales tax on purchases.
2. The club treasurer must use the Treasurer's 4-H Record Book (4H-21) or similar record to show cash received; where the money came from; and payments made, complete with check number, date, and purpose. For the treasurer's protection, copies of these checks are to be recorded and maintained.
3. Any payment should be in response to a formal written bill or invoice. The itemized invoice, clearly stating what was billed, with the check number and date of the check on it, will become a permanent part of the treasurer's records. This practice is important to protect the treasurer's reputation in a dispute. Expenditures as payments should be made only after approval by the club at a meeting. The approval should be recorded in the secretary's minutes.
4. Clubs should prepare a budget for the year. A budget is a written plan for raising and spending money for a set period of time, usually one year. When the budget is approved by the members of the club, it's not necessary to seek approval for payment of items included in the budget. If a club doesn't have a budget or items arise that are not part of the budget, each item needs to be presented to the members for approval before payment. All payments should be made by check to ensure accountability.

This accomplishes two things. First, all expenditures of club funds are made with the full approval of the club. Second, this is a way for all the club members to learn how money flows in and out of their organization.
5. All money received should be acknowledged with a written receipt, preferably pre-numbered. The receipt should include the source of funds (car wash, food stand sales, etc.), the date, and if possible, the name of the person making the payments. These receipts are the backup documentation for any deposits made. The receipts should become a permanent part of the club records.
6. Each club should require at least two adult volunteer names and the youth treasurer name to be on the account at the bank (with neither adult leader being the parent/guardian of the treasurer). It is recommended that two signatures be required on each check issued.

7. All fund-raising activities should have prior review from the county extension 4-H Youth staff. All money raised using the 4-H name must be used only for 4-H activities. Because these funds belong to a club that is publicly accountable, the funds must not be used in any way to enrich individuals. This means that money may not be given out to individual club members or others, but must be used to pay for educational programs, activities, workshops, or 4-H club supplies. It is permissible to pay part of registration fees for club members to attend 4-H activities, such as 4-H camps and conferences, when those expenditures have been approved by the club.
8. Noncash donations to clubs (consumable donations of supplies or miscellaneous items) should be acknowledged in writing to the donor, specifying what was received (two cases pop, six potted one-gallon shrubs, etc.). A copy of the written acknowledgment must be kept in the club treasurer's records.

Nonconsumable donations, such as equipment or animals, should be accepted only if the club is prepared to accept the responsibilities of ownership, including care, maintenance, and insurance. Written acknowledgment should be sent to the donor and a copy must be kept in the club treasurer's records.

Donors cannot specify the individual recipient of cash or noncash donations. Clubs should not feel compelled to accept noncash gifts. Contact the county extension 4-H Youth staff whenever the club has questions about the appropriate action related to accepting and managing any donation.

9. The treasurer should prepare a monthly financial report for the club, listing expenses paid, bills to be paid, income received, and balance in the club account(s). The treasurer should prepare an end of the year annual financial report for the club audit committee. Each 4-H club shall prepare and keep on file a record of its financial transactions, and file all necessary county, state, and federal forms.
10. Any 4-H club that disbands must turn over any remaining funds in club accounts to the ISU Extension county office. All property belonging to the club shall be disbursed in the same manner. Club members may request that the money be used for a specific 4-H program within the club, county, or state. This request will be acted upon by the county extension director at the time the club is dissolved.

If a club divides itself, creating more than one recognized and properly chartered club, the funds from the original club shall be evenly disbursed, based on membership in each club.

Revised by Mitchell Hoyer, Iowa State University Extension 4-H youth development program coordinator, from materials originally prepared by Don Goering, former ISU Extension 4-H youth development specialist.

... and justice for all

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