

Managing 4-H Club and Learning Community Funds

Frequently Asked Questions

A. Purpose and Benefits

1. With 4-H club accounts managed within the extension operating fund, how does that improve public perception?

All funds managed within the extension operating fund have the same expectation for record retention, separation of duties, reporting, signature, publication, auditing, bonding, fiscal oversight and code compliance. With this level of checks and balances, revenues and expenditures have an increased level of meeting the definition of “public good” and proper fiduciary responsibility.

2. Are there risks to refusing to adopt financial recommendations?

Yes, dollars raised in the name of 4-H are considered public funds, therefore are to be under the oversight of the extension council, according to Iowa Code. The extension council will be reported in its annual audit as not being in compliance with Iowa Code and the State of Iowa Auditor determinations, which in turn is reported to the Board of Supervisors. These audit determinations are public information and will be reported by local media. Currently, club financial policies do not comply with Iowa Code. Lack of transparency with club members and their parents can exist when only one or two individuals are knowledgeable about club finances. This lack of transparency can lead to a lack of trust. 4-H funds can unknowingly be misused due to lack of oversight. Reference Iowa Code 12C.1 and 721.1.

3. How does extension reduce risk for clubs?

Extension maintains fiscal policy guidelines that require documentation and all funds are audited by the state annually. Club leaders who receive reimbursements will have segregated duties to assist them in oversight. Staff and council are bonded through our insurance provider. The extension council reviews all reports and approves all expenditures. The level of oversight is the important action.

4. Are we doing this due to a lack of trust in volunteers?

Absolutely not; today’s society has high expectation for public fund management. By taking a pro-active approach to supporting our 4-H club members and volunteers, we are providing a valued service that will convey the public’s interest in the need for oversight and reassure the public that we are diligent in earning their faith as partners in our programs. Many volunteers have decades of service and leadership. It’s the public’s trust we are working to ensure.

5. I have heard a few reasons given why this change is negative, such as 4-H club treasurers' will not be able to write checks and clubs will have to wait for a check to be written. Can you share positives?

Though 4-H club treasurers will no longer physically write checks, they still play a very important role in their club. They will communicate to the county extension office when checks are needed, deposit funds with the extension office, manage the club budget, maintain records, hold fundraisers, review monthly statements and present those statements to their club. Extension, its volunteers and families will develop a stronger relationship with increased and improved communication.

We are TRAINING them for future employment. Employees very seldom have access to money transfer operations. Employees have processes to follow for invoicing, collections and recordkeeping. Extension staff will work quickly to present checks to clubs in a timely manner.

6. Are donations to 4-H clubs and money earned through club fundraising public or private dollars?

The funds raised by or donated to a 4-H club are restricted in use; they must be used by the club. Extension councils and staff will hold the funds raised or donated to a club for the club's exclusive use. Public Funds, as defined in Chapter 12C.1 of Iowa Code, 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 county 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.

B. Procedure/Process

1. Will extension provide training to volunteers, 4-H members and families about fiscal policy and how to interpret reports?

Yes, extension staff will provide training to all 4-H club leaders, club officers, 4-H members and families who wish to learn more about the financial management of club funds. The training will be an opportunity to increase the knowledge and skills of youth in the areas of budgeting, interpretation of reports and fiduciary responsibilities, which will benefit them throughout life.

2. How does a club close its checking account and turn in its funds to the extension office?

Funds may be turned in at any time; however please wait until all deposits and checks have cleared, then write a check to the county extension office for 100 percent of the funds and close your old account at the bank. The check will be receipted at the office and please keep that receipt for your records. The account for your club will be credited the funds when they are deposited.

3. Will our club or a new club need an EIN (Employer Identification Number)?

No, when funds are managed by an extension council, clubs will no longer need an EIN number and they will not maintain a signature card at the bank.

4. What accounting system does the extension office use?

All 100 Iowa State University Extension and Outreach districts use Microsoft GP (GP = Great Plains), an accounting software. ISU Extension and Outreach has a contract for use of the software. QCI (Quality Consulting, Inc.) is the contracted accounting firm in West Des Moines who formats our software. A template has been developed especially for 4-H club reports.

5. Can extension issue the club its own credit or debit card?

Use of a debit card for paying expenditures is not allowed under Iowa Code Section 176A.8.11, which requires district funds to be disbursed by the treasurer on vouchers signed by its chairperson, secretary or other council members and approved by the extension council and recorded in its minutes. Credit card use is allowed by the extension council only for paid employees. The extension council sets limits and conditions on its use and required documentation.

6. What forms of documentation are necessary for extension to write a check and/or receive a deposit?

There may be several steps to document a transaction. When dropping off funds for deposit, use the deposit form provided. This form insures we have the club name, the name of the person dropping off the funds, and an itemized list of how you collected the funds if you want that information reflected on your financial report. We will count the funds in your presence and then write a receipt that you will sign. A copy is given to the person bringing in the funds and extension retains a copy.

To request a payment on behalf of a club, use the voucher request form and attach the receipt and/or minutes. You may send the voucher request/receipt to the extension office electronically by email or text, in person or by postal mail (work with Extension Council to select the preferred fiscal policy measures). The expense receipt is maintained as permanent record with extension. Please include the name and contact information of the person making the request. Extension may contact the club leader by telephone to verify the communication.

All forms can be found on the ISU Extension and Outreach County Services website.

7. Can the county extension office buy supplies/food for the club?

Buying items for the clubs with the county extension credit card from local businesses for the club membership to pick up is an option. Purchasing supplies and having them shipped to the office may be an option. Communication will be required including the website, stock number, description or picture of items. Food may be purchased if the club clearly communicates the food items to be purchased, when they will be picked up and ensure a receipt is returned to the office (i.e. pizza for a Saturday evening club meeting.)

8. When will I be reimbursed?

Reimbursement timelines will depend on the club providing the necessary documentation required to generate a payment. The payments are typically made monthly but can be more frequent if needed. Communication will be the key.

9. How quickly can a check be issued?

Response time will vary. The quickest that a check can be issued is usually two working days or next day, credit card use by staff for club expenses/needs is always an option as well; or the volunteer's own credit card with reimburse on or about the receipt of billing. Working in "partnership" will require thought, organization and prior communication.

10. How will 4-H/FFA members receive premiums at the fair?

In some counties the fair board writes premium checks and in others the council will need to write and sign those checks. Working with the County Fair Partnership Agreement, extension, fair boards, and FFA will be an opportunity for discussion.

11. Do I need to cancel or close the club's current EIN account?

The IRS cannot cancel your Employer Identification Number (EIN). Once an EIN has been assigned to a business entity, it becomes the permanent Federal Taxpayer Identification number for that entity.

12. Will this process result in a lot of extra work for county staff?

There will be new tasks to be completed; at the same time, some job duties will no longer need to be done – such as invoicing clubs for payment, handling individual membership payments, processing checks for club payments - to name a few. Many financial transactions can be completed through journal entries, meaning no checks need to be written but each entry is documented and appears on club reports. Much of the documentation can be done electronically.

13. What is the process to determine that funds turned in by clubs are accounted for appropriately?

Each time money changes hands the funds should be counted by two parties. Each deposit is independently recorded on consecutively numbered receipts. Those receipt numbers will appear on the club financial report. Funds turned in should be counted before the receipt is written. Receipts will have the name of the club on it for tracking purposes. Club treasurers should always review their financial report and compare it to the receipt numbers and their own copies of documentation.

14. Will the extension council open an account with the bank in my hometown, which I travel to each day for my job?

All funds will be located at the depository where the extension district has their operating fund account. Check with families in your club to see if others can drop off the deposit at the

extension office. Even if the bank has a local branch in your community, the funds must pass through the extension office to be deposited and recorded appropriately to your clubs account.

15. Can Linda Leader call the office to have Paul Parent reimbursed for a club expense?

The voucher request form would need to be completed and provided to the extension staff along with the receipt for the expense. The form and receipt may be provided by mail/fax/text/email and/or provide club minutes with the voucher request form.

16. By what date should this process be completed?

June 30, 2019

17. How should cash be handled by club members, families and volunteers?

Families, members, staff and volunteers will need to review their fiscal policies for cash handling procedures. There may be a need to locally develop additional procedures that will be part of the training process. When making a deposit at the Extension Office, do not mail cash. Please bring the cash and/or checks and the deposit slip. The funds should always be counted in front of the member, parent or volunteer. The staff should always give you a receipt for the funds; they may ask you to sign the receipt. Please retain a copy of the deposit form and receipt for your club records.

18. Where can the policies and forms for voucher requests, deposits and inventory be found?

The policy, procedures, and forms can be found at

www.extension.iastate.edu/countyservices/4-h-club-financial-management.

Please check this site routinely as additional information may be added. The deposit, inventory, voucher request forms, and partnership agreement are editable and can be save to your computer. The staff may also provide copies for club use.

19. When a club treasurer accepts revenue, who should the checks be made payable to?

Checks should be made payable to your county extension office as much as possible. However, checks made payable to the club are acceptable when endorsed "for deposit only." In some cases, checks may be made payable to the club and county extension office. County extension staff should talk to their bank staff to determine the best practice locally. When bringing funds to the extension office, the club should complete the available deposit slip to identify the club and the amount of the deposit. If a donor provides funds to several clubs using one check, please provide a list of those clubs receiving the funds and how the donation is to be divided among the clubs.

20. Our club has a CD. What is the process to turn the funds over to the district so the funds are credited to our club?

If the CD matures before June 30, 2019, have the funds deposited into the club account and then follow the steps to send the funds to the extension office operating account once all deposits

and checks have cleared. A cashier's check, money order, or club check can be used. If the CD is longer term, contact the bank with the CD and ask them about how to make the transfer. The CD can remain at the bank and would be included in Microsoft GP as an account that is credited to the club.

21. Can the county extension office open an account at another bank for deposit of large amounts of funds from fundraisers, such as food stands or capital campaigns?

Yes, but only under special circumstances and temporarily. The extension county office may have a depository at another bank, not in the name of a club or for personal club use, but in the name of the county extension district. The temporary depository for the fundraiser serves only a singular function. The temporary depository **MUST** be part of the operating fund and be on display in financial reports for the public to see. No funds should be deposited at the secondary location without prior communication. Later, the funds deposited can be sent to the main bank and credited to the club(s) account line.

C. Funds

1. Are there limits to how much money a club has on deposit or in its account line?

No, there is no limit to the amount on deposit or in an account line. The funds in an account line are restricted to use by the club on that line and are to be used to support their 4-H club activities and events.

2. Where will my club's funds reside in the extension operating fund?

Each club will have its own fee program budget line in the operating fund account for tracking revenue and expenses. Unspent funds will carry over from year to year for the club's future use. Extension maintains its accounts with a local bank.

3. How will extension guarantee the security of 4-H club funds?

Funds raised by or donated to 4-H clubs are restricted for use to support their club program efforts. The club membership will direct the use of those funds for 4-H activities. The funds are on deposit locally and each club has its "own" account line to track the revenue and uses of the funds.

4. How is cash secured?

Receipts are provided when cash is turned in, deposited weekly or more often as needed, and credited to the 4-H clubs account line. Funds are secured in a locked office and/or cabinet or safe. Extension councils may need to discuss investing in a safe or other security options.

5. Are funds from 4-H clubs pooled so clubs may spend more than what they fundraise or spend funds from other clubs?

No, each club's revenue and donations are restricted to their own use. A club may ask the extension council, youth council and/or youth committee for monetary support for a project, having funds with the operating account makes additional support very easy.

6. What happens to funds if a club disbands?

Funds will be used for 4-H program support. The club members working cooperatively with the extension council will determine how to disperse the funds. The club will also turn in to extension all equipment/supplies identified on the inventory form which indicates the location and/or who has possession of the equipment/supplies.

7. When will our funds reach the bank?

Fiscal policy varies by county. Most deposits are completed weekly or when a certain amount of funds on hand is reached.

8. Can I just go to the bank and deposit the funds myself?

No, all funds must be receipted in at the extension office so the deposits can be credited to the appropriate club account line when the deposit is made by staff. Also needed is the detail of the funds, such as which members to credit it to, what activity it came from, or how to group the funds on the transaction report. The extension staff makes deposits with the bank account number on pre-printed deposit slips.

9. Will extension councils allow club leaders to make deposits to the County Extension District account at the bank if training is provided?

No, extension staff needs to receipt all monies before deposits are made for documentation; the receipt would be in the hands of the volunteer if they made deposits. Extension staff will need this receipt to enter information into the accounting software. Extension would be waiting three to four weeks to receive bank verifications or constantly going online to review actions. Extension often needs more detail than what is on a bank receipt. An office receipt may include funds from multiple activities with detail needed for tracking purposes. Receipting practices are outlined in extension's fiscal policy. Going forward, modifications in the fiscal policy may be necessary to support this service to clubs.

10. Will having all the club funds in the extension operating account cause carryover or budget issues?

No, clubs are in the fee program sub-fund, which is not part of the carryover restrictions that an extension district must abide by. As for a budget issue, extension districts will estimate the amount of fiscal activity clubs collectively may have and they can always amend their budget if needed.

11. If a club disbands, what should they do with any equipment purchased over time?

All equipment should be identified on the inventory form, which is provided to the extension office and available online. This form notes the location of the equipment and who has possession of it. The equipment and/or supplies will be turned over the extension council. The club members and extension council will collectively determine the best way to disperse the equipment for future use (i.e., shooting sports equipment, food preparation/cooking equipment, livestock equipment, STEM supplies, etc.).

12. May a club keep a supply of petty cash on reserve for their use?

No, the state of Iowa auditor and Iowa Code require the Extension operating fund to be the location where club funds are to reside. Club members, families, volunteers and staff will find over time that the turn around for reimbursement will be brief. The focal point will be to have routine communications between clubs, staff and Extension Council to meet the needs of the club. 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.

13. Can clubs use their funds for activities that may be recreational or community service in nature?

In other words, will clubs be able to fundraise and donate to the local library, fire department or fair board OR will the clubs be able to attend a night at the movies, visit the local water park or take a trip to Adventureland?

Yes, clubs will be able to fundraise and complete their community service mission work. Please communicate with county staff to insure that the club is stating the intended use of funds and reason for a fundraiser. Recreational activities have an educational value in youth development. Teamwork, planning, budgeting and developing a program of work are part of the youth development experience. The funds used for community service and club activities are generated by dues, donations and/or fundraising efforts.

D. Club Reports and Record Keeping

1. Will extension help clubs track and keep better records?

Definitely YES! Extension must maintain records on all checks and receipts for annual audit purposes. Transaction reports provided by extension will detail club revenue sources and expenditures. Extension retention rules require us to maintain records for many years (monthly reports - 5 years, reconciliation/bank report - permanent, annual reports - 10 years).

2. What reports do I need for the club meeting and how soon do I have to request them?

Clubs will not have to request reports; the reports will be mailed or emailed each month to the club leader, treasurer, and/or the entire club membership. The reports will be "transaction reports" showing all activity including check numbers, receipts, dates, balances, memos and names of club members if provided.

3. Recordkeeping, budgeting and fiscal management require knowledge of money management and fiscal processes, how will extension provide support for our club?

Extension will provide training opportunities for club leaders, families and youth in your club. We can specialize training for your club officers and/or design the training for the audience. This is an educational opportunity for extension, volunteers and 4-H club members. We will help walk you through the process and understand the concepts. Club treasurers can use this knowledge to give their reports at club meetings.

4. How will I receive reports and how often?

Clubs will need to communicate with extension staff and determine their needs. We suggest at least monthly or as needed, but can be at the discretion of the club. Reports will be sent electronically to leaders, club treasurers and if requested to all families in the club.

5. What kind of information will be on the financial reports?

The information will include check and receipt numbers, transaction dates, memos to reference the reason for the transaction, date of action, account number, beginning and current Club balances. The reports can reflect any time frame within the fiscal year. The most common is a "year to date" format.

6. What is a fiscal year for an ISU Extension and Outreach county extension district?

The fiscal year is July 1 through June 30.

7. What is a W-9?

A W-9 is a form provided to other businesses with which extension does business (most often for the purchase of retail goods/services). The form provides the business with our Tax Identification Number (also called EIN) and documents our sales tax exempt status. Extension has a governmental classification. The W-9 does not expire but needs to be re-submitted to a business if important extension information changes such as a business address.

8. Will clubs need to submit a budget to the extension office each fall for the program year?

No, the history of spending and revenue will drive the budget process at the county level.

9. If a club has a budget, can they spend or go over budget?

Yes of course. Budgets are tools, not restrictions. The purpose of a budget to have people think ahead or plan but spending over budget on an account line is acceptable. However, spending an account into a negative is not permitted. Remember there is a difference between over spending a budget versus over spending funds on deposit.

E. Scenarios

Scenario 1: \$100 startup cash is needed for bake sale on Saturday.

What are the options?

- Have an adult from the club who may or may not attend the bake sale use personal cash for startup and then reimburse the adult prior to depositing proceeds at extension office after the event. Adult may be paid back the same day.
- Get cash from the extension office prior to event. The cash can be documented from the cash drawer, petty cash or write a check made out to "cash" and have an adult cash the check. Adult signs a form when they receive cash. When cash is returned to the office, initial the form that it was returned and keep for documentation. Adult would still need to go to a bank to get the appropriate denominations needed for the bake sale.
- Do NOT allow non-staff to use office credit card for two reasons. First, it's not permitted according to the fiscal policy, and second, office credit cards should have staff names on each card and no other person is allowed to use it.

Scenario 2: 4-H club is having pizza party on Saturday night at a club event/meeting.

What are the options to pay for the food from the club treasury?

- Volunteer or parent pays using their personal credit card, receipt is turned in and processed for reimbursement. Time is not as much a factor as the volunteer/parent may not receive credit card invoice for weeks.
- Have adult use personal funds, take picture of receipt and email/text to extension office staff for reimbursement. Print off receipt for office files, process payment.
- Communicate need to extension staff and they order the pizza over the phone using the business credit card, text/email receipt to the office and process credit card bill using club funds
- Get cash from office prior to event – petty cash or write a check made out to "cash" and have adult cash check. Have adult sign voucher when they receive cash. When cash is returned to the office, initial the voucher that it was returned and keep in file.
- Do NOT allow non-staff to use office credit card for two reasons. First, it's not permitted according to the fiscal policy, and second, office credit cards should have staff names on each card and no other person is allowed to use it.