

4-H Revenue Handling Best Practices for Clubs

The following considerations are a summary of best practices 4-H clubs and an extension district may want to consider as they work together to establish local processes for handling funds. ISU Extension and Outreach fully acknowledges these best practices do not include every individual circumstance that may exist.

Good cash handling procedures can protect members, volunteers, families, organizations, and employees while helping prevent fraud or error in the organization. Every organization is different and every organization has very specific needs when handling cash.

However, be sure to follow this basic premise: Never allow only one person to handle cash. Two person policies (dual control) help ensure that cash is handled safely and accurately, and eliminate the temptation to misappropriate funds. This is why it is important to have policies and procedures in place.

Summary Points to Consider:

- Two or more people should count funds when funds exchange hands.
- Two or more people should count funds before a receipt is provided at the extension office.
- There should be safe transport, storage, and security of funds. Many financial institutions provide deposit bags with locks.
- Cash count sheets listing the amount of cash and checks, date, and people counting the funds should be included with the funds.
- Do not mail cash or checks.
- Funds must be kept in a secure place.
- Checks should be made payable to the extension district when possible.
- Checks made payable to the 4-H club and endorsed “for deposit only” are acceptable.
- Retain permanent record of receipts, deposit forms, and voucher requests.

Cash and Check Handling

1. How is cash secured?

Receipts are provided when cash/checks are received by the 4-H club treasurer. Cash/checks should be counted with two or more people present. The people present should sign a cash count sheet that includes the date, names of people present, and amount of cash/checks on hand. Two or more people should count funds turned in to the extension office before a receipt is issued. The extension staff will deposit funds weekly, or more often as needed, and credit the funds to the 4-H club’s account line. Funds are secured in a locked office and/or cabinet/safe. Extension councils may need to discuss investing in a safe or other security options.

2. How should cash be handled by 4-H club members, families, and volunteers?

Families, members, staff, and volunteers will need to review their extension district’s fiscal policies for cash handling procedures. There may be a need to develop additional procedures that will be part of the training process. Do not mail cash. Please bring the cash and/or checks and the deposit slip to the extension office. Two people should always count the funds 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.

3. When a 4-H club treasurer accepts checks, who should the checks be made payable to?

Many times, 4-H clubs host fundraisers and parents/guardians pay for development fees and buy t-shirts for their members. At times, 4-H club donors provide financial support to clubs.

Payments by check should be made payable to your extension district as much as possible. However, checks made payable to the 4-H club are acceptable when endorsed "for deposit only." In some cases, checks may be made payable to the 4-H club and the extension district. A conversation with staff at the extension district's financial institution may be necessary to determine the best practice locally. The club should use the deposit slip that identifies the 4-H club receiving the funds when they bring in the funds to the extension office. If a donor provides support to several clubs using one check, please provide a list of those 4-H clubs receiving the support and how the donation is to be divided among the clubs. Separate checks to each club by a donor are not necessary if the communication is clear regarding who is to receive the funds and how the funds are to be used by the club(s).

4. What is the process to determine that funds turned in by 4-H clubs are accounted for appropriately?

Each time money changes hands, the funds should be counted with two or more parties present. Each deposit is independently recorded on consecutively numbered receipts. Those receipt numbers will appear on the 4-H club financial report. Funds turned in should be counted before the receipt is written. Each receipt will have the name of the 4-H club on it for tracking purposes. 4-H club treasurers should always review their financial report and compare it to the receipt numbers and their own copies of documentation.

5. May a 4-H 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 4-H club funds are to reside. 4-H club members, families, volunteers, and staff will find over time that the turnaround for reimbursement will be brief. The focal point will be to have routine communications between 4-H clubs, staff, and extension councils to meet the needs of 4-H clubs.

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.

6. One hundred dollars startup cash is needed for a fundraising event. What are the options?

Communication is key.

- Have a parent or adult volunteer from the 4-H club, who may or may not attend the event, use personal cash for startup. Reimburse this person prior to depositing proceeds at the extension office after the event. The parent or adult volunteer may be paid back the same day.
- Get cash from the extension office prior to the event. The cash can be documented and obtained from the cash drawer or county petty cash. Use the voucher request form to request a check made out to the volunteer for cash. The parent or adult volunteer 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. The parent or adult volunteer would still need to go to a bank to get the appropriate change needed for the event.
- County office credit card use is not allowed by non-staff for two reasons: First, it is not permitted according to fiscal policy. Second, office credit cards should have staff names on each card and no other person is allowed to use it.

Other Funds Handling

7. Can 4-H clubs use their funds for activities that are recreational or for community service?

In other words, will 4-H clubs be able to fundraise and donate to the local library, fire department or fair board, or will 4-H clubs be able to attend a night at the movies, visit the local water park, or take a trip to Adventureland?

Yes, 4-H clubs will be able to fundraise and complete their community service mission work. Please communicate with county staff to ensure the 4-H club is stating the intended use of funds and reason for a fundraiser. If funds are to be raised and donated to the fire department, fair board, or local library, the fundraising campaign should identify the intended use of the funds and checks made payable to the organizations receiving the funds. 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. Dues, donations, and/or fundraising efforts, generate funds used for community service and club activities.

8. Our 4-H club has a Certificate of Deposit (CD). What is the process to turn the funds over to the extension district so the funds are credited to our 4-H club?

If the CD matures before June 30, 2019, have the funds deposited into the 4-H club account and then follow the steps to send the funds to the extension district operating account once all deposits and checks have cleared. A cashier's check, money order, or 4-H club check can be used. If the CD is longer term, contact the financial institution with the CD and ask them about best practices to make the transfer. The CD can remain at the bank but would be included as an account that is credited to the 4-H club. The best course of action is to have a conversation.

9. Our 4-H club has a debit and/or credit card. Can we continue to use them?

No. Once the funds are transferred to the extension district operating account, the 4-H club can no longer use a debit and/or credit card. Use of debit cards are not permitted under Iowa Code, Section 176A.8.11 for any extension staff. This section requires extension district funds to be disbursed by the extension district treasurer through signed vouchers. A debit card transaction is drawn directly from a checking account and an extension treasurer does not have charge of all the funds of an extension district. The extension council may only extend credit card use to extension staff. For 4-H clubs, there will not be funds supporting the use of cards, as the accounts will be closed.

10. If a 4-H 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 includes the location of the equipment and who has possession. The equipment and/or supplies will be turned over the extension district. The 4-H club members and extension council will collectively determine the best way to disperse the equipment for future use (e.g., shooting sports equipment, food preparation/cooking equipment, livestock equipment, STEM supplies).

11. Can the extension district open an account at another financial institution for deposit of large amounts of revenue from fundraisers, such as food stands or capital campaigns?

Yes, the extension district may have a depository at another bank using the extension district's EIN. The depository is not in the name of a 4-H club or for personal 4-H club use, but is in the name of the extension district. Once deposited, the funds can later be sent to the main depository and credited to the 4-H club(s) account line. 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.

The use of a second depository would only be under special circumstance and temporary and approved by the extension council.