



Appropriate Use of Iowa 4-H Club Funds

Discussion Guide

Federal regulations (7 C.F.R. 8) specify that all money raised by 4-H clubs using the 4-H Name and Emblem must be used for educational activities for 4-H members. This means money must be used to pay for educational programs, activities, workshops, or 4-H club supplies. Funds may be used to fund individual participants in 4-H educational programs, with written criteria for selection of participants to receive funding. 4-H clubs are advised to adopt a budget to manage use of funds.

The information provided in this document is meant to guide discussions and make decisions about the appropriate use of 4-H club funds.

FUNDRAISING

All 4-H fundraising programs must have approval from the appropriate level of the Cooperative Extension system. County 4-H program efforts, for example, must be approved at the county level by the Extension Council or its designee.

It is important that 4-H clubs keep records of the source of their funds and how they spend them. How a 4-H club can use the money in its treasury depends on how the money was raised and how the fundraising event was communicated to the public.

Unless specific steps are taken, it is not appropriate for 4-H club funds to be used for non-educational activities, including donations to other organizations. If a club wishes to raise funds to donate to a specific cause, all publicity and signage must clearly state the money raised may be or will be donated to another organization. The public must be informed that their contribution does not directly support the 4-H club conducting the fundraiser.

Wording is important when creating promotional materials for a fundraiser. "All proceeds will be donated/used for" means all the money raised will be donated. "All profits will be donated/used for" allows the club to deduct expenses of the fundraiser from the money raised.

CRITERIA FOR USING 4-H CLUB FUNDS

AVAILABLE TO ALL YOUTH

Programs or activities funded using club funds must be available to all youth in the club. While the event or program may have age limitations, prerequisites, or pose a schedule conflict for some members, it should be designed so that all youth in the club may qualify for the opportunity at some time in their 4-H career. When club funds are used to support a program or activity that some members of the club may not benefit from or participate in, the club must have a clear, written process that includes:

1. How recipients are selected (application, interview, experience, all interested, etc.).
2. The members of the selection committee.
3. The expectations of participants at end of the event or program.

Share this process with county 4-H staff for review. The written criteria will provide consistency to selection and support of individual club members in future years.



DISCUSSION AND CONSENSUS

All members must discuss and approve the use of funds for the purpose. Ideally, this would happen at the beginning of the club year when the annual budget is determined. Other decisions about expenditures may happen throughout the year for unplanned situations. The vote or consensus of the membership must be documented in the meeting minutes.

EDUCATIONAL PURPOSE

4-H club funds must be used for educational purposes. Spending club funds can be educational by involving youth in the activity planning, setup, coordination, execution, etc. Members can learn many life skills in the process. It can also be a significant bonding and team building experience for all involved.

In the following examples, the focus is educational when youth drive the process.

Example 1: Youth design the county fair booth decorations, purchase supplies, and buy pizza for members to enjoy while making the decorations and creating the booth display. This activity utilizes creative arts skills and teamwork and leadership.

Example 2: 4-H members want to hold a party during a monthly meeting. Members plan the fun, educational, and business components of the meeting. This activity builds leadership skills, food preparation skills, and consumer management skills.

Example 3: 4-H club members have researched community needs and determined that a contribution to an organization will help fulfill the 4-H pledge of "larger service to my community." This activity grows leadership and civic engagement skills.

USING THE ACCEPTABLE USE OF FUNDS TABLE

The examples in the accompanying chart provide a framework for acceptable and unacceptable use of 4-H club funds. While this table is not comprehensive, similar situations should be handled according to the appropriate use guidelines. If there is a question about appropriate use of funds, consult with county, field, and campus 4-H staff.

*Adapted from "Financial Manual for 4-H Staff" Michigan State University, 2016.
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	Source of Funds					Criteria That Must Be Met			Notes
	Club Dues	Fundraiser with Intended Use Advertised	Club Fundraiser with No Intended Use Advertised	Donor-Restricted Gift	Unrestricted Donor Gift	Opportunity Available to All Club Members	Discussion and Documented Consensus	Educational Use	
Donation to Another Organization	Yes	Yes	No	No. Donor should donate directly to third party.	No	N/A	Yes	Yes	Clubs should consider making this an annual budget line item.
Matching Shirts for All Club Members	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Provides club identity and a sense of belonging.
Party for Club Members	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Not a primary use of club funds Club funds used only for club members, not family or friends also attending.
Flowers or Gift to a Member, Leader, Sponsor, Volunteer	Yes	Yes	Yes	No. Donor should donate directly to third party.	No	Not Required	Yes	Not Required	Clubs should consider making an annual budget line item for these types of expenditures. Proceeds of fundraisers may be used if members determine need and approve expenditure, or if fundraiser information specifies this use. The club could also take a special collection or special dues assessments specific to this purpose.
Pizza for Members and Families at Club Meeting	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Occasional family events can help with club identity and belonging. Sometimes the meal/family involvement may be needed to allow youth to attend meetings. Meal expenses should be occasional and modest in cost. Encourage family members to make a donation to help offset the cost if they are financially able to contribute.
Recreational Non-Educational Trips	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Needs to be a planned part of the club program and approved by county extension office. Club funds used only for club members, not for other attendees.
Educational Field Trip	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Clear, written selection process in place.
Educational 4-H Event Registrations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Clear, written selection process in place.

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Non-4-H Educational Event Registrations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Clear, written selection process in place.
Competitive 4-H Event Registrations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Clear, written selection process in place.
Club Member's Program Development Fee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Automatic	Program development fee specifically supports educational programming.
College Scholarship	Not Recommended	Yes	No	Yes. Donor may not identify a specific recipient.	Not Recommended	Yes	Yes	Yes	Make the scholarship payable to the college. College scholarships not a primary purpose of 4-H club funds. Clear written selection process in place.
Private Riding Lessons	No	No	No	No	No	No	No	No	Not an acceptable use of funds. Individual expense, private benefit.
Barn or Exhibit Building Decorations for Fair	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	This should be a club effort and for the club's benefit.
Equipment for Use by Club Members	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	If a member is unable to provide their own equipment due to financial hardship, they should contact Extension staff to assist in looking for alternate sources of funding. Equipment or property purchased by the club must be recorded in a club equipment inventory. The club should establish a clear, written process for use and maintenance of equipment.
Equipment, Supplies or improvements to property owned and managed by a third party	Yes	Yes	No	No. Donor should donate directly to third party.	No	N/A	Yes	N/A	Club member dues may only be used if the expense is part of the club budget, and members understand their dues might be used for this purpose.