

Skagit County 4-H: Club Finance Management

Accurate financial management is critical for 4-H clubs regardless of the amount of money or its intended purpose. The following practices should be followed for managing club finances.

1. 4-H club checking accounts should be established in the club name, not an individual's name.
2. A minimum of two signatures should be required to write a check, they should not be in the same family. A teen leader can be one of the signatories.
3. An IRS Employee Identification Number (EIN) is required. The Club must complete an SS-4 form – ask the bank you are opening the account with for help.
4. 4-H clubs must receive a 4-H Charter Certificate from the local 4-H office to be recognized as an active 4-H club.
5. Bank statements should be organized in a folder. If possible, 4-H clubs should request actual cancelled checks from their bank.
6. Bills should be approved for payment by the 4-H club members before checks are written. When a check is written, it should be correctly recorded in the Treasurer's records and Secretary's minutes.
7. The Treasurer should keep copies of documents supporting expenditures (cash register receipt, invoice, etc.).
8. All income should be documented by pre-numbered receipts, with appropriate copies kept with the Treasurer's records. All income should be deposited as soon as possible.
9. The Treasurer must keep accurate records and report the status of the treasury at each meeting. The Secretary's minutes should reflect financial actions and/or account balances.
10. 4-H Clubs/group which have an EIN are obligated to file a Form 990-Series return with the Internal Revenue Service annually.
11. 4-H Educators and other Extension staff are not to be responsible for handling 4-H Club monies.

Audit Procedures

The club treasury should be audited annually and prior to a new treasurer assuming office.

1. The audit should be conducted by a qualified 4-H parent or other qualified individual who has not been involved with the clubs finances.
2. The audit should answer the following questions:
 - Do treasurer records agree with bank records?
 - Are treasurer book balances actually on deposit with the bank?
 - Are receipts actually available to justify expenditures?
 - Have funds raised been reported and deposited appropriately?

- Have adequate financial records been kept?
- Was a motion passed by the club to justify the expenses? Or a budget approved?

3. Before the club sends the treasure book to the auditor, the treasurer should:

- Secure all financial records (blank checks, cancelled checks, bank statements, ledgers, receipts) for the audit period.
- Review each check for correct signatures and appropriateness of payment or vendor.
- Match documentation (invoice, cash register receipt) to each check.
- Trace receipts/expenditures recorded on the ledger to the bank statement.
- Compare dates of receipts to dates of deposits. Document any extended delays in deposits (more than one week).
- Review numerical sequence of canceled and unused checks. List any missing checks.
- Compare donor records to recorded receipts. Document any differences.
- If certificates of deposit are owned, verify that they are still on deposit with the bank. If no longer on deposit, trace proceeds to deposit in checking account.
- Compare receipts/expenditures to budget. Determine if level of activity appears to be reasonable.
- List any checks that are outstanding and date of issue.
- Document any unreasonable differences.

4. It is required that each club/group complete an annual financial report for the County 4-H Council. Turn this form in to the 4-H office by January 31.

FUNDRAISING

1. Money raised by 4-H must be spent on 4-H. It is illegal to raise money in the name of 4-H and then use it for other purposes.
2. Fundraising should only be done after the group has established goals for use of the money.
3. Fundraising activities should be consistent with the age and experience of the members.
4. Funds should be raised for specific purposes. Clubs should raise their funds through their own efforts.
5. All fundraising must be legal. For lotteries and raffles check with the 4-H office before planning one.
6. Fundraising in the name of 4-H cannot include endorsement of products.
7. Clubs should check carefully all aspects before taking on a fundraising effort (i.e. can unsold items be returned).
8. Donations from local business. There may be an occasion when you have an activity where you ask local businesses for goods or services. If so, please note the following:
 - If they say no, do not press the issue. Thank them for listening.
 - You need to provide written documentation to the business explaining the donation.
 - Do not ask the same business a number of times.
 - Be sure to write thank you notes for anything received.
 - Remember businesses are asked many times by many different groups. Consider the need before asking.

OWNERSHIP AND DISBANDMENT

When a 4-H club purchases equipment (i.e. set of clippers for members to use), they should decide what would happen to the equipment if the club splits or disbands. Put it in writing and keep it with the club records.

When a club disbands the money in the treasury and/or equipment in the inventory cannot be given to club/group members. The following options should be considered:

The remaining funds and equipment **MUST** be turned over to the County 4-H Leaders Council. The club can request authorization of Leaders Council to:

1. Give or sell equipment to new 4-H clubs who can use the items.
2. Give funds to a 4-H memorial or scholarship fund.
3. Give funds to Washington State 4H Foundation.
4. Spend funds on an educational activity for retiring members.
5. Use for an awards events to recognize members and leaders.
6. Leaders' council should authorize and record the authorization in the minutes. This action protects the club leaders from any eventual responsibility for the funds.
7. Funds that was raised and donated for a specific purpose needs a special provision. Leader's council shall find another club that will use that money for the same purposes.
8. If a club splits and new clubs are formed, a percentage of the original club's funds should go to each club. The Leaders Council should oversee the division of these funds and equipment.

4-H Club/Unit Financial Checklist

Using the table below complete the checklist to see if you club finances are in order.

1	2	3
Perfect	Needs improvement	In process of implementation

_____ Checking/savings accounts do not have personal Social Security numbers on them.

_____ Checking account is a duplicate check system.

_____ Checking account has two signatures (not related persons).

_____ We maintain a list of receipts and expenses.

_____ We keep original receipts for purchases.

_____ We present a treasurer's report at club meetings.

_____ We provide official receipts for donations.

_____ We have our treasury book audited every year.

_____ We complete and submit Annual 4-H Club/Unit Financial Report to the 4-H Office.