

## Ohio 4-H Club/Affiliate Financial Guidance

### Why is this guidance necessary?

The Secretary of Agriculture of the United States Department of Agriculture holds the 4-H name and emblem in trust for the educational and character-building purposes of the 4-H program. The 4-H name and emblem can be used only as authorized by the statute and according to the authorization of the Secretary or designated representative. Ohio 4-H clubs and groups are authorized by their local Ohio State University Extension office to use the 4-H name and emblem. In requesting use of the 4-H name and emblem, the members and leaders of Ohio 4-H clubs and groups agree to conduct their business in accordance with federal, state, and local laws and The Ohio State University policies. This privilege brings a degree of accountability – to the USDA, The Ohio State University, and the local community served by the 4-H club or affiliate. All funds used in support of 4-H programming must be given and used for educational purposes and accounted for efficiently and responsibly.

### Why should your clubs have funds?

There are many instances when 4-H clubs/affiliates would want funds to enhance their 4-H experience. Members can learn many life skills in the process of spending funds when planning, executing, and evaluating activities or events. They will also have an opportunity to bond with other members.

### Necessary Financial Documentation Timeline

The following are important information to note for clubs/affiliates that manage funds. This is important to safeguard against the potential for fraud, embezzlement, theft, unauthorized access, unauthorized purchases, incomplete or late IRS reporting, lack of proper documentation (perhaps due to misunderstandings of what is required of 4-H clubs/affiliates.)

- May 15: County 4-H professionals will file IRS Form 990N ePostcard each year for each club and affiliate.
  - [990N ePostcard help](#) (on Ohio 4-H Professional Intranet)
- County Specific, but no later than January 31
  - All must be completed and returned to the County Extension Office
    - Ohio 4-H Clubs and Committees Annual Financial Review / Audit (depending on the year)
    - Ohio 4-H Club/Affiliate Yearly Financial Summary
    - 4-H Club Equipment Inventory

### Managing Your Club's Funds

Accurate financial management is critical for 4-H clubs/affiliates regardless of the amount of money your club raises or spends. Establish a checking account for your 4-H club/affiliate if you plan to collect money or pay bills. Refer to the Appendix for a matrix showing how much time it will take to manage funds.

Please note, local extension offices cannot receive funds for external or affiliated organizations (including 4-H clubs and affiliates).

### Starting a New Club's Funds

Follow these simple steps to open your club's checking account and manage club funds:

- Look for FDIC institutions to house the account.
- 4-H club accounts should be checking accounts; savings accounts should not be used.
  - Savings accounts are an option for affiliates
- Open the account in the club's name, not an individual's name. You will need to obtain an EIN (employer identification number) by completing the SS-4 form. Do not use a personal social security number instead of obtaining an EIN. For more information on EINs, refer to
  - [Example of completed SS-4 Form](#)
- For clubs or affiliates with more than \$50,000 gross annual receipts, the treasurer must be bonded/insured.

## Maintaining Club Funds

The following items outline the requirements and best practices to use when maintaining 4-H club / affiliate funds.

Item	Requirement	Best Practice/ Recommended	Comments/Links
Employer Identification Number (EIN)	Each 4-H club with fiscal activity/has a club treasury (checking or savings account) at a financial institution must have an EIN in order to open the account.		<ul style="list-style-type: none"> <li>The EIN number is permanently linked to the club and its official name. Once IRS issues this number, the official club name should not be changed, so careful thought should be given during the original application process. Refer to <i>Choosing a Name for Your 4-H Club</i> for additional information on selecting a club name. The official club name should be used on all bank account(s) and tax filing documents. The official club name and EIN must be linked to Ohio State's group exemption number assigned by IRS to The Ohio State University for federal tax-exempt status.</li> <li>A copy of the IRS Assignment letter that the club gets at the end of the application process needs to be kept by the club and a digital copy needs to be sent to the county so they can attach it to the club's profile in 4HOnline.</li> </ul>
Type of financial institution	Approved FDIC financial institution		
Type of Account	Checking		Affiliates may use savings accounts or other options
Name of account	Club's Name (not an individual's)		

Item	Requirement	Best Practice/ Recommended	Comments/Links
Account Signatures	Two signatures of unrelated individuals are required on all accounts. The treasurer, another club officer, or a club advisor could serve in this role.		<ul style="list-style-type: none"> <li>• When it is necessary for check(s) to be made payable to one of the signers, that person should never sign that check.</li> <li>• Checks should never be pre-signed.</li> <li>• Some banks have implemented new policies that do not allow youth less than 18 years to sign checks. In this case, the club should still elect a treasurer, who will fulfill the remaining tasks, including, but not limited to: prepare the financial reports (monthly and annual), write the checks, and balance the bank statements.</li> <li>• It is not recommended that a parent and child from the same family be co-signers.</li> <li>• Authorized signatures will need to be updated each time a new treasurer is elected or when leadership changes in the club.</li> </ul>
Bank Statements Review	Send bank statements to a non-check signer, who is an authorized person on the bank account. After review, give statements to the treasurer to include with financial records. For 4-H Affiliates, an employee of the Extension Office should receive and/or have view only access. The Extension employee should then make a copy for their own records and then give the original to the treasurer.		
Treasurer Bond / Insured		For clubs or affiliates with more than \$50,000 gross annual receipts	

Item	Requirement	Best Practice/ Recommended	Comments/Links
Budget	Created annually and presented to 4-H club / affiliate for changes and approval.		<ul style="list-style-type: none"> <li>Action should be voted on and recorded in the minutes.</li> <li>To conduct club financial business, 2/3 of the simple majority present of members in good standing from the club roster must vote positively on an item for the decision to stand (e.g. you have 20 members on your club roster, so 11 members are present and 8 must vote positively.)</li> </ul>
Club checkbook	Retained by a club advisor outside of the meeting		Contact your county Extension professional or refer to the <a href="#">Club Disbanding, Dividing or Departing</a> document to answer questions regarding dispersal of club funds under situations such as disbanding, dividing, or departing.
Written record	Keep a separate written record of the group's income and expenses (a ledger, spreadsheet, or report).		
Bank statement reconciliation	Monthly		Bank statements should match all financial record balances (in the treasurer's reports, ledgers, spreadsheets, etc.)
Income / Club receipts (e.g. members paying club dues or receiving payment for fundraisers)	Should be documented. <ul style="list-style-type: none"> <li>Check</li> <li>Cash</li> </ul>		<ul style="list-style-type: none"> <li>Receipts should be provided. Using a multi-copy receipt book is recommended.</li> <li>Cash received should be counted by two unrelated persons. One person should prepare the deposit and one person should make the actual deposit. The person receiving the funds should not be the one who prepares the deposit.</li> <li>Keep deposit form with financial records.</li> </ul>

Item	Requirement	Best Practice/ Recommended	Comments/Links
Deposit Timeline	One week or less for the dates of income receipts to date of deposit		
Receipts/expenditures	<ul style="list-style-type: none"> <li>• Included in the approved budget or approved in meeting minutes</li> <li>• Keep receipts and invoices with financial records.</li> </ul>		<ul style="list-style-type: none"> <li>• Keep accurate records and give a treasurer's report at each meeting and record in the meeting minutes.</li> <li>• If an individual is being reimbursed, the individual requesting reimbursement should provide the original receipt(s), which should be filed with financial records.</li> <li>• If a check goes 60 days and has not cleared, contact the person the check was written to and ask them to cash or deposit the check.</li> </ul>
Payment Methods (e.g. club paying bills or expenses)		Check	<ul style="list-style-type: none"> <li>• Write on the memo line of all checks the purpose of the expenditure. (example: awards for dog show)</li> <li>• Cash is not permitted to make payments.</li> <li>• Debit/credit card are not the preferred method, but are permitted, as long as expenses are pre-approved, itemized receipts provided, and data is properly recorded in ledger.</li> <li>• Clubs should not have their own PayPal/Venmo account. <ul style="list-style-type: none"> <li>• An individual may use their own debit/credit card or Venmo/ PayPal account and be reimbursed from the club for the expenses, as long as there is club approval, which is reflected in the minutes.</li> </ul> </li> </ul>

Item	Requirement	Best Practice/ Recommended	Comments/Links
Treasurer Yearly Financial Review / Audit	Financial Review-Annually Audit-Every 3 years		Fill in the yearly financial review in the back of the Treasurer's Handbook. The findings should be reported at a club meeting and recorded in the minutes. Use recommended <a href="#">4-H Club/Affiliate Audit Procedures</a> provided by OSU Extension.
Club/Affiliate financial summary	Annually		Turn in annually by county deadline
Club inventory sheet	Annually		Turn in annually by county deadline
Financial Record Maintenance	Follow the current Records Retention Guidance		
Fundraising / Club Spending Purpose	Must be educational in nature	Limit carryover funds	See below, "Determining acceptable fundraisers" for additional information.
Acceptable carryover amount		<ul style="list-style-type: none"> <li>• The same amount you have in gross annual receipts with the intention to spend down OR if there is a multiyear plan to spend a large amount of money on an upcoming fundraiser or trip.</li> <li>• Funds should not be held onto when they could be invested or released to an endowment or local community foundation.</li> </ul>	

### **When should your club raise funds?**

You and your 4-H club may need to raise funds to conduct educational programs and activities. Do not let fundraising get in the way of positive youth development through fun learning experiences. Use these guidelines before starting your club fundraisers:

- Have a specific educational purpose for raising and using the funds.
- If charging club dues and/or activity fees, list the exact amount in your 4-H club bylaws and include how dues/fees will benefit the membership.
- Contact the county Extension office and discuss your fundraising plans with the county 4-H Extension professional. There may be a specific process for club fundraising approval in your county.

### **Determining acceptable fundraisers**

In some counties, there is a request or approval process for what fundraisers can be conducted. Check with your County Extension Office for local guidelines on requesting fundraiser approval. Items to note as you are determining what fundraiser you will conduct:

- Any Ohio 4-H club or organization, that engages in fundraising efforts to benefit 4-H, that includes the sale, or auction of a firearm, shall coordinate with a Federal Firearm License holder to complete the required background check, ATF paperwork and transfer of possession. Club leadership and fundraising organizers are responsible for ensuring compliance. The county's Sheriff's Department can identify active Federal Firearm Licensees within their jurisdiction. The transfer or sale of a defaced firearm or the transfer or sale of a firearm to a disqualified individual is a violation of state and federal law.
- Games of chance (e.g. raffles, lotteries, BINGO, etc.) are NOT permitted. Refer to [OSU Extension Fund Raising: Raffles, Bingo, Games of Chance](#) for more information.
- Items may not be sold that have alcoholic beverages in them (e.g. silent auction with wine included). Gift certificates to a winery are permissible because the winery would be responsible for confirming age eligibility of the purchaser.
- Some fundraisers are taxable according to Ohio tax law and may require a vendors license. Additional information forthcoming.
- You should always spend money on the intention it was raised. So if you advertise the funds raised will support XX, you need to make sure they do and that they do not end up supporting YY.
  - Note that the choice of words matters when creating a promotional flyer for a fund-raiser. "All proceeds will be donated" means all the money raised will be donated; whereas, "all profits will be donated" allows the group to cover any expenses of the fund-raiser from the money raised.
- Food safety: If you decide to prepare and serve food as a fundraiser, make sure to consult with your local extension office for the Occasional Quantity Cook certification and necessary requirements, and your local health department for a food vendor's license, necessary labeling, and any other necessary requirements.

### **Potential fundraisers your club may be interested in**

Here is a list of fundraiser ideas. This is not an exhaustive list but intended to provide examples for what is appropriate for 4-H clubs/affiliates. If you have questions if a fundraiser is permitted or not, consult with your County Extension Office.

- Carwash
- Having a kiss the animal contest
- Selling drinks at a 2-day festival
- Selling pizza kits, frozen food, candy bars, beef sticks, or other food item
- Silent and/or live auctions
- Sponsoring an event (e.g. kickball tournament, run/walk, dunk booth, carnival) where individuals pay a fee for entering
- Work community events/clean up areas (e.g. clear tables, parking admittance, chair and table set up / tear down, grandstands clean up, post festival clean up, etc.)
- Alternative fund generation in lieu of or in addition to fundraising
  - Members pay annual club activity fees to help offset costs instead of a fundraiser
  - Seek sponsorship from businesses to help offset costs instead of a fundraiser

## **Determining how to spend club funds**

Making sure we are spending funds appropriately is crucial to the success of the 4-H club / affiliate. Here are key items to note when evaluating how to spend club funds:

- You must have a specific educational purpose for raising and using the funds.
- You should always spend money on the intention it was raised. So if you advertise the funds raised will support XX, you need to make sure they do and that they do not end up supporting YY.
- Expenses should be outlined in an approved budget and / or approved (voted on by club members and indicated as such in the minutes).

The following is a list of acceptable ways to spend money. This is not an exhaustive list but provides examples. Additionally, you will find prohibited ways to spend funds. If you have questions on how to spend funds, please consult with your County Extension Office.

### *Acceptable ways to spend club funds*

- Attending an educational tour or workshop, which is open to all members
- Conducting a fundraising or service activity where proceeds benefit a non-profit organization (giving check to the organization, buying gifts / food to deliver to sponsored family, etc.)
- Contributing to a junior fair improvement project
- Paying for club member camperships, as long as all members are eligible to attend camp are included and it is approved on by club members and payment is sent directly to whomever is collecting funds for the camp (Extension Office, camp, etc.)
- Paying for a guest speaker or presenter to attend a club meeting
- Paying for an end of year recognition banquet for all members
- Paying for gas money for advisors who drive to a trip, where it was voted on and approved by the club and included in the minutes.
- Purchasing club apparel for all members
- Purchasing club books for all members
- Sponsoring awards at the junior fair
- Sponsoring countywide awards and/or trips

### *These are prohibited ways to spend club / affiliate funds:*

- Alcohol, tobacco, or fireworks
- Paying an individual (cash or gift cards) unless it is a receipt of reimbursement for an approved club purchase OR pre advertised with all members eligible for a scholarship or other competition. Qualifications must be in writing and voted on and approved by the club and included in the minutes. This includes giving members cash to spend at the fair. Coupons for a sandwich at the fair booth are acceptable, as long as all club members receive it and it was voted on and approved by club membership and included in club minutes.
- Political campaigns, including county 4-H levies
- Trips or events that are not educational in nature

It is important to be good financial stewards. Learning these life skills will benefit our members in the future and will make our 4-H program continue to thrive.

## **Thank-You Notes**

Regardless of the size or value of the donation, it is essential that the donor receive a thank-you note. This should be written as soon as possible but preferred to be within 10 business days of making the donation. For larger cash donations it may be appropriate to send periodic updates about how those funds are being used.



**Concerns About a 4-H Group's Finances**

If an individual or group expresses concern about the way a 4-H club/affiliate is spending its money, the person or group with the concern should put it in writing and give it to County 4-H Professional. Then, the County 4-H Professional will investigate the alleged misuse of 4-H funds. The County 4-H Professional has the authority to require that groups submit their financial records to the OSU Extension office at any time. Clubs and Affiliates are encouraged to keep their records up to date and follow 4-H policies and procedures. This helps to get concerns settled in a timely fashion. Refer to the Ohio 4-H Audit Procedures for steps that will be taken. If an individual or group expresses concern about the way a County 4-H Professional is spending money, the person or group with the concern should put in writing to the State 4-H Office, who will investigate further.

## Appendix

The following is a chart of approximately how much time it will take to manage 4-H club/affiliate funds.

<b>Getting Started Club/Affiliate Responsibilities</b>	<b>Approximate Time Taken</b>
File for initial Employee Identification Number (EIN) with the Internal Revenue Service (IRS); online recommended. <ul style="list-style-type: none"> <li>• A copy of the IRS Assignment letter that the club gets at the end of the application process needs to be kept by the club and a digital copy needs to be sent to the county so they can attach it to the club's profile in 4HOnline.</li> </ul>	15 minutes
Complete the Group Exemption TEA form and submit to the county extension office, who can then attach it to the club's profile in 4HOnline and send to the appropriate person at the state 4-H office.	15 minutes
Prepare for and file initial 4-H Club Charter/Affiliate MOU paperwork via the local 4-H office	3-6 hours
<b>Estimated Start-up Time Commitment Total</b>	<b>3.5-6 hours</b>

<b>Ongoing Club/Affiliate Responsibilities</b>	<b>Approximate Time Taken</b>
Monthly: Good management of club/affiliate bookkeeping	2-10 hours
Annually by December (or county deadline): <ul style="list-style-type: none"> <li>• Prepare for and file 4-H Club/Affiliate Annual Financial Review/Audit (depending on the year)</li> <li>• 4-H Club/Affiliate Annual Financial Summary</li> <li>• Equipment Inventory</li> </ul>	1-5 hours
Annually by May 15: prepare for and file the appropriate IRS 990 series form	County offices file on club/affiliates behalf
<b>Estimated Annual Time Commitment Total</b>	<b>3-15 hours</b>