



4-H Financial Training

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Goals of Training

- Refresh everyone on the requirements set forth by National 4-H and Indiana 4-H.
- Answer questions about 4-H Finances.
- Help volunteers feel comfortable with working with public funds.



4-H is a Public Organization

- 4-H is owned by the public.
- It carries a federal tax exempt status and is designated as “public” because it receives a substantial part of funding from federal, state, and local government sources.
- This public nature means that staff and volunteers have certain responsibilities that go with the use of the 4-H Name and Emblem- responsibilities that include program, human, and fiscal stewardship.



National 4-H Guidelines

- Established by The Division of Youth and 4-H (part of USDA and National Institute of Food and Agriculture – NIFA)



National 4-H Guidelines

Fundraising: Private Support for the 4-H Program

- Fundraising programs using the name and emblem must have approval from Extension Educator
- All monies received must be used only for 4-H related activities, education and character building.
- Any use that exploits the 4-H Program is forbidden
- The 4-H name and emblem shall not be used to imply endorsement of commercial firms, products or services



National 4-H Guidelines

Fundraising: Private Support for the 4-H Program

- Private support moneys should be:
 - Given and used for priority educational purposes.
 - Accounted for efficiently and fully
- Fundraising groups properly authorized to use the 4-H Name and Emblem are to be held accountable to the 4-H program granting authorization. **There must be a definite plan to account for funds raised prior to authorization.**
 - Group organizers need to communicate with 4-H Youth Educator that money is being sought after.
 - 4-H Youth Educator needs a copy of all grant applications and other paperwork pertaining to the grant for record keeping.



National 4-H Guidelines

Fundraising: Private Support for the 4-H Program

- Do not use online fund raising sites
- Why?
 - There isn't the ability to authorize their use of the 4-H Name and Emblem
 - These types of sites are often targets of fraudulent activity.
 - We are unable to guarantee that 4-H families' personal information will be protected when their information is shared with third parties.



National 4-H Guidelines

- Raffles, Lotteries, Gaming and 4-H
 - Long-standing policy prohibiting 4-H participation in these types of activities.
 - Includes Bingo
- Livestock Sales, Auctions and Similar Events
 - Income received and funds paid at these events are subject to Federal tax laws and IRS regulations
 - Animals owned by 4-H members and purchased through a livestock sale or auction (where 4-H is a conduit for the sale) cannot be viewed as charitable contributions



4-H Entity's Responsibilities

Every 4-H unit (council, club, committee, project group, etc.) shall:

a. Maintain a record of its activities (meetings, workshops, & other events involving 4-H members). Activities of the unit are to be reported to the Extension Office prior the time they are held.

b. Maintain a record of the contributions it has received and expenses incurred; prepare and keep on file a record of its financial transactions; file all necessary state & federal forms, and submit an annual report to the Extension Educator responsible for the county 4-H program. A current financial report shall be made at each of the unit's meetings to keep members of the unit updated on the unit's finances.

c. File an IRS Form 990 return annually, by May 15th



4-H Educator's Responsibility

An Extension Educator is responsible for the 4-H organizations at the local level. The Educator's fiscal responsibilities include:

- a. Issue authorization for group or volunteer leader to carry out programs and activities using the 4-H name and emblem.
- b. Keep record of all 4-H organizations with this authority.
- c. Secure from each 4-H organization an annual report of its activities. Review each local 4-H unit's activities to determine that the unit meets the particular 4-H program objectives for which it was established and that the 4-H Name and Emblem are used in accordance with the statute.
- d. Inform each 4-H unit's leadership of the annual IRS Form 990 filing requirements.
- e. Ask each 4-H unit to submit an annual report of its financial activities using the Annual 4-H Unit/Club Financial Report template in the Financial Management Forms section.
- f. Establish the schedule for annual financial reviews/audits and notify the clubs of the review/audit date.
- g. Keep on file in the Extension Office copies of: correspondence to each 4-H unit in the county requesting the unit's financial information and activity records; financial reports; audit/review forms; and recommended actions for each 4-H unit/club.



4-H Youth Responsibilities

- Youth should be involved in collecting, accounting and distributing funds
- Financial institutions may require individuals to be at least 18 years old to be a signatory on an account.
- This does NOT prohibit younger members from writing (but not signing) checks, recording transactions, balancing the checkbook, and preparing treasurer's reports, with adult guidance.



State & County 4-H Policy

- Annual 4-H Club Reports
 - 4-H Club/Unit Financial Report
 - 4-H Unit Activity Report
 - Taxes- IRS 990- E Post card
 - Other as requested by 4-H Youth Educator
 - MUST be completed to remain an active 4-H Unit



State & County 4-H Policy

• 4-H Unit Financial Policy

- EVERY 4-H Club has an EIN- NO MATTER WHAT
- Bank Accounts must have IRS assigned EIN
- 2 signatures of unrelated persons are on checking account (have copy of this in your records)
- 2 signatures on checks (banks will not require this, but 4-H does) It will be checked in the audit.
- Use duplicate checks
- NO Debit Cards...checks or money order only
- No 4-H money can be spent without a receipt as proof of purchase
- Reimbursements to club/project leader
 - Must include original receipt
 - Other adult on the account must sign check
 - You can NOT write checks to yourself!



State & County 4-H Policy

- 4-H Unit Financial Policy Continue
 - Each unit receives financial audit/review every 4 years
 - Unless persons on checking account change and then need done each time person is removed from account.
 - 4-H Council audited annually
 - MUST annually file e-postcard with IRS
 - MUST be completed to remain an active 4-H Unit



Handling of Funds

- Funds should be deposited promptly after they have been received.
- Official, written receipts should include the source of funds (car wash, candy sales), the date, and if possible, the name of the person from whom the funds were obtained. *The receipts are the back-up documentation for bank deposits and they become a part of the group's records.*
- This would include club dues. You should be giving receipts and keeping a copy for yourself if you collect dues.
- Donations: The individual, business, or group that donates to the 4-H organization may be eligible to deduct the contributions to 4-H organizations on the donors' federal tax returns according to the IRS code, pending the advice of the donors' tax preparers (and assuming the 4-H unit has maintained its federal tax exempt status).
- To make online purchases, have a club/project leader make those purchases and then be reimbursed by the club (other adult on account must sign check)



Folder & Financial Paperwork

What is included in your folder:

- Copy of Power Point
- 4-H Charter
- EIN # and Responsible person info
- Receipt Letter
- Fact Sheets from National 4-H
- Example of Audit form
- Activity Report
- Financial Report



Sharing

- Tips for Record Keeping
- Tips for organizing files
- If you have multiple leaders who do you decide handles the finance part?
- Tips for working with your 4-H Treasurer



IRS Filing and Reporting Requirements

- Each entity with an Employer Identification Number (EIN) is required to file an annual federal tax return (IRS 990 series) by May 15th, **whether or not the entity has any funds to report.** Failure to report will result in the loss of federal tax exempt status.
- 4-H entities whose gross receipts are under \$50,000 will file an IRS 990-N, Electronic Notice (e-Postcard) by May 15th. Specific filing instructions are provided to 4-H Educators to share with 4-H Volunteers in the spring of each year.
- If gross receipts in a tax year normally exceed \$50,000 (determined by an average of the current and two prior tax years), the 4-H organization is obligated to file Form 990 by May 15th, using group exemption number 5924. Copies of annual financial reports, audit forms and the 990 must be maintained and on file in the Extension Office.



Audit Checklist

Here is what the audit committee is going to look for:

- ✓ Checking/savings accounts use Employer Identification Number;
- no personal Social Security numbers included
- ✓ Checking account is a duplicate check system.
- ✓ Checking account has two signatures of unrelated persons.
- ✓ Treasurer's report is presented at each meeting.
- ✓ Official receipts are provided for donations.



Audit Checklist

Here is what the audit committee is going to look for:

- ✓ 1 Year of Bank Statements(Minimum)
 - ✓ Checking
 - ✓ Savings
- ✓ Checkbook Register
- ✓ Savings Account Register
- ✓ Deposit Slips/Logs
- ✓ List of Receipts
- ✓ List of Expenses
- ✓ Copies of Receipts (e.g., purchases, bank deposits, etc.)
- ✓ Treasurer's Report
- ✓ List of Tangible Assets (e.g., dog agility, shooting sports equipment, etc.)
- ✓ Other Information?



Audit Schedule

2020

- Center Trailblazers
- Clinton Clintoneers
- Flying Eagles- new leader
- Jefferson Doverites
- Marion Achievers
- Union Huskers
- Washington Livewires- new leader
- Shooting Sports
- Jr Leaders- new leader



Dissolution of a 4-H Entity

- In the event of termination or revocation of a charter for, or dissolution of, a 4-H Club or other 4-H
- Entity, all of the principal, income, and assets shall be transferred and assigned to the Purdue
- Cooperative Extension Service Office in that County. These funds will be held to support future 4-H
- educational program efforts, including the formation of new 4-H Clubs.



Why have all these policies??

- Part of these policies come with the privilege of 4-H's designation as a federally-authorized youth program.
- The other part is based on today's society...we need to take reasonable steps to protect the program and the people who are a part of it!
- The following scenarios illustrate these needs...

