



HAWAI'I 4-H CLUB FINANCIAL GUIDELINES

FOR CHARTERED 4-H CLUBS AND OTHER GROUPS AUTHORIZED TO USE THE 4-H NAME AND EMBLEM IN HAWAI'I

The Hawai'i 4-H Youth Development Program is part of the Hawai'i Cooperative Extension Service (HCES), which is part of the University of Hawai'i. Because of this relationship, all financial transactions of local 4-H clubs, county councils, committees, boards, and other related organizations (county leaders' council/association, camp board, livestock sale committee, etc.) must be managed according to the guidelines outlined in this document.

Under U.S. Department of Agriculture and University of Hawai'i guidelines, each county/city Cooperative Extension Office is required to keep track of all financial transactions made by clubs and groups authorized to use the 4-H name and emblem. Each authorized club/group must complete an annual report showing the source of all income and how it is disbursed.

The required annual report:

- \$ Creates an open, public record for each nonprofit group.

- \$ Fulfills the audit concerns of the University of Hawai'i.

- \$ Shows how Hawai'i Extension-related organizations help the University fulfill its obligation of accountability to the residents of Hawai'i.

The following guidelines will help your 4-H club/group fulfill its responsibilities for handling funds:

1. Bank Account

All monies should be placed in a bank account in the name of the 4-H club/group. As nonprofit organizations, 4-H clubs/groups are not charged a service fee. There may be, however, a charge for printing the club/group name on checks.

2. Employer Identification Number (EIN)

Every 4-H club/group must have an Employer Identification Number (EIN) to open a checking or savings account. To apply for an EIN from the Internal Revenue Service (IRS), use form SS-4. 4-H should be the first word of the club name on the form and on the 4-H club/group bank account(s).

3. Signatures

Each 4-H club/group is required to have two (2) names on all checking and savings accounts. Chartered 4-H clubs will have the youth treasurer and an HCES volunteer on accounts. The HCES volunteer should not be the parent of the treasurer. Both signatures are required on each check issued. No University of Hawai'i faculty or staff member's signature may appear on any account belonging to a 4-H club/group authorized to use the 4-H name and emblem.

4. Hawai'i 4-H Club Treasurer's Record Book

The club/group treasurer must use the Hawai'i 4-H Club Treasurer's Guidebook (CC 70-1) to show sources and amounts of money received and payments made to whom and for what purpose. Treasurer's records become a permanent part of the 4-H club/group records.

5. Annual Budget

4-H clubs/groups are encouraged to prepare an annual budget. This is a written plan for raising and spending money for 1 year. Since the members of the 4-H club/group approve the budget, it will not be necessary to seek approval for payment of items included in the budget. If the 4-H club/group does not have a budget, or items arise that are not a part of the budget, each item must be presented to club/group members for approval before payment is made. An annual budget accomplishes two things. First, all expenditures of club funds are made with full approval of the 4-H club/group. Second, it is a great way for members to learn how money flows in and out of an organization.

6. Receipts

All income should be acknowledged with a written receipt, preferably prenumbered. The receipt should include the source of funds (such as carwash or plant sale), the date, and if possible, the name of the person making the payment. These receipts are the back-up documentation for bank deposits. The receipts become a permanent part of the 4-H club/group records.

7. Payments

Payments should be made only in response to a written bill or sales receipt. The itemized receipt(s), clearly stating what was billed, with the check number and the date of the check on it, will also become a permanent part of the 4-H club/group records.

8. Fundraising

4-H club/group members do not pay State or National membership dues. Local and county 4-H clubs/groups may raise money for their goals through fundraising or dues or both. Fundraising must be done for the good of the total group and be consistent with the county/state fund-raising policies. The 4-H Youth Development Program educator and/or County Extension Administrator must approve all 4-H club/group and county fund-raising activities before the event occurs.

All monies raised using the 4-H name must be used only for 4-H activities. Because these funds are publicly accountable, they may not be given to individual 4-H club/group members or others, but must be used to pay for educational programs, activities, workshops, or supplies. Fundraising should not be the main focus of group activities nor exclude any individual from participating. 4-H clubs/groups are expected to support the financial needs of the total group and, when possible, assist with participant costs in county, state, national, and international programs.

Recommended fund-raisers for youth groups include car washes; bake, cookies, citrus fruit, plant, candy, and yard sales; pancake suppers; spaghetti dinners; auctions; and flea markets. Raffle-type fund-raisers are not appropriate.

9. Cash Donation

Cash donations must be acknowledged in writing to the donor and must include the amount of the contribution. A copy of the acknowledgement must be kept with the treasurer's records.

10. Non-cash Donations

Non-cash donations (consumable donations of supplies or miscellaneous items) should also be acknowledged in writing to the donor. A description of the items(s) must be included in the acknowledgment. Valuation of non-cash donations is the responsibility of the donor, in consultation with his/her tax advisor and individuals qualified to appraise an item of this type. It is not appropriate for a 4-H club/group, faculty/staff member, or HCES volunteer to place a value on items donated. Donors cannot specify the individual recipient of cash or non-cash donations. A copy of the acknowledgement must be kept with the treasurer's records.

Non-consumable donations such as equipment or animals should be accepted only if the 4-H club/group is prepared to accept the responsibilities of ownership, including care, maintenance, and insurance. 4-H clubs should not feel compelled to accept non-cash gifts. Contact the 4-H faculty/staff member whenever there are questions about accepting and/or managing donations.

11. Quid Pro Quo Contributions

Quid pro quo contributions, (payment made partly as a contribution and partly for goods or services provided to the donor by the charity), should also be acknowledged in writing. An example of a quid

pro quo contribution is when the donor gives \$100 for a cake valued at \$12. The disclosure statement must inform the donor that the "amount of the contribution that is deductible for Federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or of goods or services that the donor received.

12. Sales Tax

Hawai'i tax law requires that organizations selling tangible personal property collect sales tax from the buyer. Therefore, 4-H clubs/groups are required to collect and remit sales tax on things like cookbooks, calendars, or plant sales. For more information, go to:

<http://www.hawaii.edu/svpa/apm/proc/procform/att2202.pdf>.

13. County Review

A financial report for each 4-H club/group authorized to use the 4-H name and emblem must be turned in to the County Extension Office by October 1 of each year for review. The County 4-H Youth Development Program educator and the County Extension Administrator or other identified individual(s) not affiliated with the 4-H club/group will conduct the financial review. The form required for the review is the Annual Financial Summary Record. These reports become a permanent part of the county record maintained for each club/group and will remain on file for five (5) years.

Additional information, including all bank statements, receipts, canceled checks, checkbooks, savings account books, and the Hawai'i 4-H Club Treasurer's Guidebook (CC 70-1), may also be requested for review. These items will be returned following the review and should remain with the permanent 4-H club/group records.

14. 4-H Club/Group Disbandment

Monies left in account(s) when a 4-H club/group disbands, ceases operation, or loses its charter must be turned over to the County Extension Advisory Council unless otherwise specified in their by-laws. These monies may be used for county 4-H programs and activities. All property belonging to the 4-H club/group must be turned in to the HCES Office. If a club divides, creating more than one properly chartered club or authorized group, funds from the original 4-H club/group must be divided, based on membership in each club/group.

15. Complaints

The HCES 4-H Youth Development Program faculty/staff member and/or County Extension Administrator will investigate all complaints regarding use of funds. Concerns can be avoided or settled quickly if all financial records are kept up-to-date and guidelines outlined here are followed.

16. 4-H Clubs/Groups Not Handling Money

4-H clubs/groups that don't have treasuries and don't handle any money need to mark "0's" on the Annual Financial Summary Report, sign and date the form, and return the form to the County Extension Office by October 1 of each year.

Adapted from the Michigan 4-H Club Treasurer's Record Book (4-H 1203) and the Maryland 4-H Club Treasurer's Guidebook (4-H 95).