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ALABAMA A & M AND AUBURN UNIVERSITIES

# Alabama 4-H Recommended Guidelines for Managing 4-H Club Accounts

Each county 4-H program is responsible for overseeing the handling of treasuries and fund-raising activities by 4-H units, 4-H members, 4-H leaders, and parents. Because budgeting and handling finances is important to learning responsibility and leadership, youth must determine how funds should be used.

*Additional or customized reporting procedures may be established by a County Extension Advisory Committee as approved by the County Coordinator.*

Any 4-H unit authorized to have a treasury or participate in fund-raising activities must be chartered and have by-laws concerning club finances. They must also meet the following requirements for good accountability:

- ♦ A 4-H unit that plans to maintain more than \$25 in funds must establish its own savings and/or checking account. The County Extension Coordinator must authorize establishment of an account. Accounts should be set up so that they require two signatures from unrelated people.
- ♦ All bank accounts must be established with a federal identification number (EIN. See: <http://www.gov-irs.com/main.php> for the paper and on-line forms).
- ♦ Accounts must be reported to the County Extension Office. No account held in the name of 4-H should use the name of a 4-H member or leader nor should a Social Security number of an individual be used in lieu of the appropriate tax identification number. Any accounts currently operating under a Social Security number must be converted to comply with these requirements.
- ♦ If 4-H clubs have sub-accounts in the county Extension office checking accounts then the individual 4-H units within the county are not required to apply for individual identification

numbers. Under these conditions the County Extension Office must maintain account procedures according to Extension policies.

- ♦ Account names must include the club name and "4-H Club."
- ♦ Before beginning any type of 4-H fund-raising activities for the program year, the method of fund-raising and intended use of funds must be reviewed and approved by the County Extension Coordinator or appointed designee.  
*Note: Raising funds with no specific 4-H program or purpose in mind is not permitted.*
- ♦ If a 4-H unit intends to conduct a fund-raising event, they must submit a **4-H Funding Proposal** (see **4-H 101**) to the County Extension Coordinator or designee, indicating the type of activity and purpose for which the funds are being raised.
- ♦ Each time the 4-H unit conducts a regular business meeting, a written record of income and expenses should be reported.
- ♦ At the end of the 4-H year, the funds remaining in a club account should not be excessive. The maximum amount to be maintained should not exceed one year's annual operating costs. Funds should not be accumulated for the sake of accumulating funds.
- ♦ If the club disbands, all funds and supporting documentation must be presented to the County Extension office to be used for 4-H programming.
- ♦ Club accounts are audited on an annual basis by the County Extension Coordinator or his or her designee as defined by 4-H policy.

### Program Activity Fees

If clubs choose to collect fees, the club members should develop a budget to describe how the money will be used. The use of funds should be determined by the young people in the club.

### Auburn University Nonprofit Charitable Status

Alabama 4-H Club Cash Donations for the intended purpose of supporting 4-H programming can receive nonprofit status through Auburn University. A letter from the County Extension Coordinator should be written to the donor with copies remaining in the County Extension Office. Charitable contribution letters should include the donor's name, date of donation, purpose of donation, and total financial contribution. This letter will serve as a receipt for IRS charitable donation purposes.

### 4-H Gift and Endowment Funds

In general, the donated funds are classified as gifts when the following characteristics exist:

- the intent is to make a charitable contribution
- the donor does not impose contractual requirements
- funds are awarded irrevocably

#### For Additional Information, See 4-H 101

- Opening a Club Bank Account
- Guidelines for 4-H Club Fund-raising
- 4-H Funding Proposal Form



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