

Managing 4-H Committee Finances

Ohio State University Extension

Accurate financial management is critical for committees regardless of the amount of money or its intended purpose. The establishment of checking accounts is a recommended practice for committees that collect money and pay bills. The following practices should be reviewed prior to establishing treasuries and as a reference for managing finances.

- Checking accounts should be established in the committee name, not an individual's name.
- A minimum of two signatures should be required to write a check. A suggested practice for checks is to have the treasurer and secretary as signatories.
- Each committee opening a checking account is required to have its own Taxpayer Identification Number (TIN). The committee must complete an SS-4 form available through any local Social Security Office or from the Internal Revenue Service.
 - ◆ Social security numbers of committee members, parents or volunteers are **not to be used** as a committee's Taxpayer Identification Number (TIN).
 - ◆ The Internal Revenue Service has assigned a **Federal Group Exemption Number** of **2704** to be used by 4-H committees on the SS-4 and any tax returns that are required. 4-H committees authorized to use this number must meet local organizational guidelines and be recognized as an active committee by the County Extension Office. **(See the attached copy of a properly completed SS-4 form.)**
- Bank statements should be sent to committee Chair, or someone who does not have authority to sign checks. After review (i.e. correct number of deposits, checks, & balance) statements should be given to treasurer, reconciled and included in the official records. If possible, committees should request actual cancelled checks from their bank.
- Bills should be approved for payment by the committee members before checks are written. When a check is written, it is to be correctly recorded in the Treasurer's records and Secretary's minutes. The Treasurer will keep copies of documents supporting expenditures (cash register receipt, invoice, etc.).
- All income should be documented by prenumbered receipts, with appropriate copies kept with the Treasurer's records. All income should be deposited in the committee's checking account at least weekly.
- 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. This should be done for each business meeting.

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- The committee treasury should be reviewed annually and prior to a new treasurer assuming office. The President/Chair should appoint a sub-committee, made up of persons not directly associated/related to the Treasurer. The OSU Extension office has the authority to ask for a committee's financial statement that itemizes receipts and expenses and a copy of the review. See the attached: "*Recommended ~~Audit~~ Review Procedures.*"
- Organizations have an obligation to file an Annual Information Return, Form 990, with the Internal Revenue Service, when gross receipts in the tax year exceed \$25,000.00. Local accountants or financial institution representatives may be good contacts when initiating this obligation.
- **4-H Educators and other Extension staff are not to be responsible for handling 4-H Committee monies and are not to have signature authority on 4-H Committee bank accounts.**

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Source: Ohio State University Extension Business Office Procedure Manual

Recommended Review Procedures

- Secure all financial records (blank checks, cancelled checks, bank statements, ledgers, receipts) for the review period, which is generally annually.
- Review each check for correct signatures and appropriateness of payment or vendor. In instances when it is necessary for check(s) to be written to a signatory, the check(s) should be signed by someone other than the signatory.
- Match documentation (invoice, cash register receipt) to each check.
- Select a sample of expenditures and review minutes to determine whether expenditures were authorized.
- 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.
- Review the reconciliation of at least two bank statements to the records.
- 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.
- Provide mathematical accuracy of records:

	Cash Balance 12/31/04
+	Receipts During 2004
-	<u>Expenditures During 2004</u>
	Cash Balance 12/31/04
- List any checks that are outstanding and date of issue.
- Compare financial records of treasurer's report for at least two months. Document unreasonable differences.
- Report to the membership of the 4-H committee the state of the past years records.