

# Managing 4-H Club Finances

## Ohio 4-H Youth Development

Accurate financial management is critical for Ohio 4-H clubs regardless of the amount of money or its intended purpose. The establishment of checking accounts is a recommended practice for 4-H clubs that collect money and pay bills. The following practices should be reviewed prior to establishing club treasuries and as a reference for managing club finances.

- 4-H club checking accounts should be established in the club name, not an individual's name.
- A minimum of two signatures should be required to write a check. Under guidance from adult volunteers, a suggested practice for checks is to have the treasurer and secretary as signatories.
- Each 4-H club opening a checking account is required to have its own Taxpayer Identification Number (TIN). The Club must complete an SS-4 form available through any local Social Security Office or from the Internal Revenue Service.
  - ◆ Social security numbers of 4-H members, parents or advisors are **not to be used** as a club's Taxpayer Identification Number (TIN).
  - ◆ The Internal Revenue Service has assigned a **Federal Group Exemption Number of 2704** to be used by 4-H clubs on the SS-4 and any tax returns that are required. 4-H clubs authorized to use this number must meet local organizational guidelines and be recognized as an active club by the County Extension Office. (**See the attached copy of a properly completed SS-4 form.**)
- Bank statements should be sent to a 4-H club advisor, 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, 4-H clubs should request actual cancelled checks from their bank.
- Bills should be approved for payment by the 4-H club 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 is to keep copies of documents supporting expenditures (cash register receipt, invoice, etc.).
- All income should be documented by pre-numbered receipts, with appropriate copies kept with the Treasurer's records. All income should be deposited in the club'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. The *Ohio 4-H Treasurer's Record Book*, Circular 935, should be used to maintain accurate records.

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- The club treasury should be reviewed annually and prior to a new treasurer assuming office. The President should appoint a committee from the club, made up of persons not directly associated/related to the Treasurer. The OSU Extension office has the authority to ask for a club's financial statement that itemizes receipts and expenses and copy of the review. See the attached: "Recommended Review Procedures."
- 4-H 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 Club monies and are not to have signature authority on 4-H club 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.
- 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 club the state of the past years records.

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