

## Appendix K

# County 4-H Private Fund Management Guidelines

*(Approved by Administrative Cabinet 1/13/86, 10/95)*

Federal, State, and County appropriated funds are a major source of support for all Extension programs, including 4-H. These funds are used to carry out the Ohio State University Extension mission as an educational arm of the U.S. Department of Agriculture and The Ohio State University. There are some educational efforts conducted through 4-H that cannot be financed by tax funds alone. Private support monies should:

1. Be given and used for priority educational purposes, incentives and scholarships.
2. Be accounted for efficiently and accurately.

The Ohio 4-H Foundation was founded in 1946 for the purpose of improving the quantity and quality of the 4-H programs in a manner that will supplement but not replace those tax dollars appropriated to Ohio State University Extension. Strengthening the Ohio 4-H Foundation will enhance County 4-H program opportunities. The opportunity for contributions to the Ohio 4-H Foundation should be encouraged.

Accepting gifts to 4-H implies a willingness to accept responsibility for handling the funds in an accountable fashion. Each 4-H unit (club, County, District, State) handling funds received under the 4-H name and emblem, qualifying for 501(3)(c) status should have a system for receiving, accounting for and disbursing funds.

A ruling issued to the Department of Agriculture by the Internal Revenue Service April 24, 1946, recognized that 4-H Clubs were exempt from Federal Income Tax under section 101(6) of the Internal Revenue Code of 1939, which corresponds to section 501(3)(c) of the 1954 Code. A ruling issued to the Department of Agriculture by the Internal Revenue organizations authorized to use the 4-H name and emblem by the Department of Agriculture are eligible for inclusion in the original ruling for April 24, 1946. In this document, 4-H Clubs and affiliated 4-H organizations will be referred to collectively as 4-H organizations. (Tax exempt status does not apply to commercial concerns issued authorization permits to produce specific items for 4-H use.)

The ruling issued to the Department of Agriculture by the Internal Revenue Service February 9, 1973, states that donors may deduct contributions to 4-H organizations as provided in Section 170 of the 1954 Code (providing the taxpayer itemizes deductions). All groups with the authorization to use the name and emblem are covered in 170(b)(1)(A)(VI) of the code.

There is a 4-H conference account within the County Office, under the responsibility of the County Chair for such items as: 4-H Project Book sales, registration fees for conferences, workshops, clinics, meetings, camps and other registrations received from participants enrolled in 4-H activities, events or programs. It is not appropriate to use the

Conference Account for money received from a donor eligible for tax deduction because the account does not qualify for 5-1(3)(c) status.

The recommendations were approved by the Administrative Cabinet (1/13/86) for managing County non-appropriated private gift funds (County 4-H Fund).

1. All private contributions from individuals, corporations, foundations and fund raising activities designated for County use shall be managed through a (County 4-H Fund) account separate from County 4-H Conference accounts managed by Ohio State University Extension personnel.
  - a. 4-H Endowment Accounts should be a designated account with the O.S.U. Development Fund, not a County 4-H Foundation.
  - b. County 4-H Fund monies are preferred to be with the O.S.U. Development Fund with "current use" designation.
2. All local County 4-H Funds and OSU Development Fund accounts must be managed to provide donor and Extension Agent protection as follows:
  - a. County 4-H Fund guidance through a Committee of local volunteers accountable to the County 4-H Committee.
  - b. A printed set of operational procedures is essential and shall be in writing.
  - c. An annual budget should be developed and utilized.
  - d. An accounting system for each donor's giving, recognition, and donor history shall be developed.
  - e. Accountability shall be through a monthly statement to the committee and Extension Agent, for the purpose of monitoring the account. An annual audit is necessary, therefore an appointed audit committee or a professional accountant should be a regular practice.
  - f. The Treasurer must be bonded. The Treasurer is authorized to sign checks when approved by Committee minutes or written authorization by the Extension Agent. It is recommended that two individuals sign checks.
  - g. An annual report of donors and financial statement will be made to the County 4-H Committee, the donors and the County Chairman.