



4-H Leader Training Series

4-H Club Treasuries



Tax Exempt Status

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The Club Treasury



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1990-2000. Revised for use in South
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Most 4-H clubs raise money to support club activities through the collection of dues or by holding specific fundraisers. Because 4-H is a nonprofit educational organization authorized through the United States Department of Agriculture, there are several procedures that must be followed when working with a club treasury. The key point to remember anytime you deal with or have responsibility for “public” funds is the ability to show and prove proper accountability.

Through special legislation, each 4-H club has tax exempt status. This is a special privilege and has special responsibilities attached. According to federal law and Internal Revenue Service regulations, the county 4-H agent is responsible for overseeing all funds and making sure that all 4-H clubs comply with state and federal regulations regarding those funds. Here is a brief overview of the purpose of club treasuries and club responsibilities regarding funds.

Your club should be concerned with money only to the extent that it is needed to provide supplies or cover expenses incurred in running an active group for youth. It is, therefore, a means to having a successful club—and not the end sought or a measure of a successful club.

A club should not raise money just for the sake of raising money. Therefore, club treasuries do not generally need to contain more than \$50.00. Although it is wise to save a little money “for a rainy day” (emergency), a good rule of thumb is that money raised during the course of a 4-H year should be spent that same year unless the fundraising goal is long-term.

All money raised by, or given to, a club becomes the property of that club and not any individuals in the club. This is also true for any items donated to the club. All property of the club should be included in a written inventory and kept with the treasurer’s permanent written records. Funds raised may come from dues, fundraisers, or other sources.

Club Dues/Program Fees

4-H clubs may decide to collect dues from members on a regular basis. Collecting club dues is optional and is decided by each club's membership. Members of the club should vote on the amount and how often dues are to be collected. A club may also decide to charge fees for a special activity. Any fees charged for a 4-H program or activity should only be used to cover or defray expenses for that specific program.

Annual Club Financial Plans

At the beginning of each 4-H year, the club needs to develop a financial plan. This means that the club discusses what activities will require funds and how much will be required for each activity. The club should also discuss how those funds should be raised. The club members should vote to approve the financial plan. After the decision is made, the *4-H Club Financial Plan Form* should be completed and submitted to the 4-H office. (Adult guidance is essential and parental support is always helpful).

Planning Fundraising Efforts for the Year

Clubs that plan to conduct fundraisers need to follow the procedures outlined in the information sheet, *4-H Fundraising*. In general, funds must be raised for specific purposes. Fundraising just to have a big treasury is neither appropriate nor legal.

Club Treasurer

Clubs that plan on conducting fundraising, having dues, or any other money should elect a treasurer to account for this property. Responsibilities for maintaining the club account are given to the treasurer, depending on the age and abilities of that member. This also includes making monthly deposits of any cash or checks on hand. At least once a month, the club treasurer is responsible for giving a report on the club treasury. This includes any income and expenses. The treasurer should use the *4-H Club Monthly Financial Report Form* for this purpose.

Often, young and inexperienced treasurers simply collect and record dues paid, give the treasurer's report at meetings, and work with the leader on maintaining the club's account. Remember to help make the treasurer's role a learning experience. This can be accomplished by working as a partner with the treasurer, and providing them training through the opportunity to complete age appropriate tasks.

Club Bank Accounts

Any money owned by the club should be kept in a club bank account (in the club's name). At least two signatures should be on the account. Ideally, it should be the club treasurer and a leader, with these individuals not from the same family. If the bank does not accept the signature of a minor, the second signature should be that of

a co-leader or parent. For the club not to be taxed on interest-bearing accounts, a “tax identification number” (EIN) must be obtained. This is a non-profit organization’s equivalent to an individual’s social security number. The adult leader should obtain IRS Form SS-4 either from the bank or by contacting the Internal Revenue Service. It can also be completed online at www.irs.gov. When requesting an EIN for your 4-H club, use Group Exemption Number (GEN) 2704. The Written records of the club’s bank account should be kept and regularly reported to the club. The club’s bank account and other written records should be audited by an objective audit committee (more than one person) annually. All of this is done to protect both the club and the people handling the money.

Club Treasury Audits

Clubs with more than \$100 in the treasury must have the club treasury audited by someone outside the club. This audit must be performed annually and the report must be on file at the 4-H Office. Clubs should use the *4-H Club Treasury Audit Form* for this purpose. This audit is required by the Internal Revenue Service and the United States Department of Agriculture. Failure to comply with this is breaking the law and can result in prosecution, fines and losing status as a 4-H club and tax exempt organization.

If Your Club Disbands

In accordance with laws governing non-profit organizations, if your club disbands, all money in the club treasury and any other club property can only be given to another non-profit organization—not to individuals. 4-H policy states that 4-H club funds attained in the name of 4-H must be given to your county-wide 4-H organization (such as 4-H Association, Leaders’ Association, etc.) or county 4-H office to be used for 4-H program purposes. To arrange this, contact your county 4-H office.

References:

[Tax Exemption Status of 4-H Clubs and Affiliated 4-H Organizations.](#)

Available online at www.national4-headquarters.gov

[The 4-H Name & Emblem – Guidelines for Authorized Use,](#) USDA, Extension Service; [Tax-Exempt Status of 4-H Organizations Authorized to Use the Name and Emblem,](#) USDA, Extension Service, Program Aid Number 1282



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