

FAQ's – 4-H Financial Handbook

1. How do you handle non-monetary donations such as dog training equipment?

If equipment is donated to the 4-H Council for use by the county 4-H program, develop a document and show the equipment on an inventory sheet for the 4-H Council. Include when it was donated and by whom and keep it with the 4-H Council minutes. As time goes along the 4-H Council tends to accumulate things like timers for horse speed events, swine sort boards, scales for small animals etc. As long as it is donated to the 4-H Council there should not be any problems with donated equipment. If the equipment is donated to the Extension Office to be used for 4-H programs the items would be carried on the inventory sheet for the Extension Office.

2. If the 4-H Council treasurer is currently using Quicken on their personal computer to keep the books, is it necessary to duplicate this effort on a computer in the UNL Extension office? If so, why?

If the 4-H Council treasurer uses Quicken and the reports are submitted to the 4-H Council and a copy is kept in the 4-H Council file with the minutes there should be minimal support needed from Extension Office staff. It is expected though that the 4-H Council treasurer regularly discusses their reporting process with Extension personnel working with the 4-H Council. It is necessary to maintain a QDF file of the account in the Extension Office as a back up and an audit tool if the need ever arises. When a treasurer is elected who does not have Quicken experience then the clerical support of the Extension Office should assist in the preparation of the reports. It would be a good idea for the 4-H Council to determine how reports are to be handled and how often a back up copy is supplied for files kept in the Extension Office.

3. What does clerical support mean?

Clerical support refers to assistance required so that the 4-H Council treasurer keeps adequate records. If the treasurer already keeps an accurate set of financial records and prepares financial reports for 4-H Council meetings, minimal assistance would be required. If the treasurer is not experienced in management of financial records, the Extension Office staff need to work with them and go over the 4-H Council Financial Handbook and assist them in development of a good set of 4-H Council financial records.

4. Do 4-H clubs have a specific way that their name should be stated on a checking account?

There is no specific way a 4-H Club needs to use their name to open a checking account.

5. Are 4-H Councils able to have savings accounts and/or Certificates of Deposit?

The 4-H Council Financial Handbook indicates that large amounts of money should not be accumulated just to have money on hand. It is appropriate to have a reserve fund and these dollars may be kept in a savings account or Certificates of Deposit but all reserve monies should have a 'spelled out' plan identified for use of the monies. Some circumstances such as youth earning money to take a Citizenship Washington Focus trip might increase this amount for a short period of time. If assistance is needed in developing a plan for management of the reserve fund please ask your District Director to help you.

6. Does the Extension Board have to approve the 4-H Council's treasurer report at each meeting?

Yes. The Extension Board, in its advisory capacity to UNL Extension, should fulfill its administrative role relative to the 4-H Council financial activity through receipt and acceptance of regular financial reports from the 4-H Council. The Extension Board should keep in mind that these funds were earned by 4-H Council volunteers to support educational programs. As such, the 4-H Council will decide how to expend the funds. It is the role of the Extension Board to help assure that the finances are correctly managed.

7. What if you don't have an elected treasurer but you have a couple of 4-H Council members on the signature card?

It is very important that the 4-H Council have a person responsible for recording and reporting the financial transactions of the 4-H Council. An individual other than an Extension employee should provide leadership for the budget and financial decisions of the 4-H Council, hence an individual responsible for overseeing the fiscal responsibilities. Some 4-H Councils have a combined secretary/treasurer position and that elected position works with a financial committee. It is required to have the names of at least two 4-H Council members on the signature card for checking, savings or Certificates of Deposit. The treasurer and another officer such as the President might be the signers. It might also be a treasurer and another member of the 4-H Council financial committee.

It is required that there be two signatures of 4-H Council members on the checks. It recently was determined that the Extension Unit Leader could cosign a check with a 4-H Council member in an unusual situation where a check is needed immediately and two members of the 4-H Council are not available. This also means that the name of the Unit Leader should be on the signature card for a checking account.

8. I have recently learned that any grants through UNL cannot use expenditures from local tax funds for matching dollars on the grant.

We are not aware of any blanket restriction on using local tax funds as matching dollars for a grant. In fact, there are currently grants in the UNL system that utilize local tax funds for matching purposes. It is possible this statement is accurate for a specific grant with a funder who prohibits the use of local tax funds for match.

9. What should we do about councils that have had an EIN for decades but may not have set it up in this manner using the GEN?

The state 4-H office will need to receive the EIN number of the 4-H Council so that it can be included in the report being compiled for National 4-H. No changes need to be made currently; we will keep you apprised.

10. If we run a foodstand that may handle several thousand dollars a day, how are we supposed to write or develop receipts for everyone that goes through the line and buys a hot dog or piece of pizza?

It would be very difficult to receipt every transaction. Rather it is suggested that you close out the cash drawer at the end of every shift or else at assigned times during the day. Some 4-H Councils have assigned times for 4-H clubs to run the foodstand. When the shift for each club ends counting the money drawer and receipting the amount in the drawer is recommended. When the cash is counted and prepared for deposit be sure that at least two individuals count and initial the receipt for deposit. If the 4-H foodstand is managed and run by an individual it is suggested that the money drawer be receipted and deposited periodically during the day. Again, having two individuals count and receipt the deposit.

11. Is the \$25,000 gross revenues in one calendar year?

Yes, if more than \$25,000 is earned in one year the 4-H Council is required to file a Form 990. Actually the 4-H Council will need to file a Form 990 regardless.

12. Can the treasurer (4-H council) be a council member and an Extension staff member?

No examples are known of an Educator or Extension Assistant being a voting presiding member of the council. Most often the members of the council are elected by participants of the 4-H program. We would view the role of an Extension employee as an advisor that oversees the 4-H program not as a member of the 4-H Council. It is acceptable that an Extension employee serve as the contact for the financial records that are kept in the Extension Office but not to serve as a member of the 4-H Council.

13. Will the new 4-H Council bookkeeping (system) require allotment of funds similar to the requirements of the non-revolving checking accounts?

The guidelines for the 4-H Council expect that the council develop a proposed budget but the procedure does not require that the funds be allocated to various property and debt accounts like the county revolving account. It would be a good idea to develop a budget for planned disbursements each year. Quicken does have a very good budget function if the treasurer has used quicken in the past it would be very easy to do this with a computer.

14. If we pay out premiums to exhibitors from our Blue Ribbon club do we need to file 1099s for each member?

The IRS requirements for filing a 1099 is if an entity or person is paid more than \$600 a form 1099 should be issued. Most premiums would probably not amount to more than \$600 so a 1099 would not be required.

15. Where should money generated in the name of 4-H be placed?

In the 4-H Council account or in the Extension program revolving account? When you consider where to place the money that is generated in the name of 4-H the first consideration is who raised the money. If it was a 4-H Council activity that raised the money it would go into the 4-H Council treasury. If the money was generated by an Extension staff activity it would be considered a part of the management of the 4-H program in the county. An example of money that would go in the 4-H revolving fund might be a mailing fee or program fee. The Extension staff in the county will need to decide what is needed to manage the 4-H program in the county and then raise the funds to carry out those activities. Both entities are income tax exempt so that should be no problem but if the 4-H Council buys supplies for a 4-H activity they will be subject to sales tax where the 4-H staff would not. The 4-H Council could sponsor and pay for an activity and it would come out of the 4-H Council budget even if the extension staff person conducted it. If you have questions about specific activities you can contact your District Director or Bob Meduna.

16. Who on the Extension Staff takes the lead to insure that proper procedures are being followed with regard to the 4-H Council's funds?

The Unit leader generally will provide the leadership and encouragement to insure that best management practices are followed. In county units where a 4-H focused educator or another Extension Educator provides direct leadership for the 4-H Council that individual would oversee the implementation of best management practices. In such cases the Extension Educator assuming responsibility for the 4-H Council would keep the Unit Leader apprised of 4-H Council decisions. The county financial management handbook already spells out most of these procedures so it is not a big change or something that is not already being done in the county offices. If it becomes an issue about the reporting requirements, the IRS will be the one that will address those issues. It is pretty straight forward what will happen if the IRS requirements are not followed. The 4-H Council in that county would lose its tax exempt status. If the 4-H Council loses its exempt status then individuals who donate money or other items to the 4-H Council would not be able to deduct those donations.

17. Who enforces the federal reporting requirements?

The IRS will be the one to enforce the reporting requirements. In this day of computers it would be easy for the IRS to follow up on the councils that do not file their reports. At this time there is not a plan to "check up" but it would be very easy for the people that review the county revolving fund to take a quick look at or ask about how 4-H Council funds are being handled.

18. Should the monies distributed for county fair premiums be managed and run through the 4-H Council treasury?

No. The money should not pass through the 4-H Council checking account. The Extension Staff could prepare the checks but it should be the Ag Society that signs the checks and the money should come from an Ag Society account.