

NYS 4-H Club Financial Reporting Guidelines



Section 4: Money Matters

A 4-H club, like any other organization has expenses and income (from dues and/or fundraising). The procedures used to record the flow of money, pay bills and account for ways in which club funds are used, provide 4-H club treasurers with valuable experience in fiscal management. Discussing required financial procedures with the whole club and enforcing them is one way of teaching youth about the importance of money management for both groups and individuals. Tool L-17, 4-H Club \$\$\$\$ Checklist will help you keep track of the club's money matters through the year.

Because a 4-H club is a part of Cornell Cooperative Extension it must operate within the fiscal parameters set by the CCE system. As a tax-supported organization Cornell Cooperative Extension must ensure that all monies raised or collected by groups under its auspices are used for appropriate purposes and are accounted for properly. ***The financial procedures that must be followed by all 4-H clubs are detailed on pages 4-2 to 4-5.***

The 4-H Club Treasury

A 4-H club treasury is intended to support the planned projects and educational activities of the club's members. Most clubs collect dues (the amount being decided by the members with input from parents and leaders) at regularly scheduled business meetings. Some "jump-start" the treasury by collecting a larger amount at the beginning of the club year.

Other possible sources of revenue include:

- Countywide 4-H fundraisers – Some counties return a percentage of the money earned back to the club.
- Club fundraisers – Clubs must receive written approval from the 4-H office before conducting any type of fundraiser. Fund raising should not be a major goal of the 4-H group, but should be limited to meeting short-term needs.

Any funds raised in the name of 4-H are, in fact, property of the county Cornell Cooperative Extension Association. In case a club dissolves or becomes inactive, the money in the club's treasury should be returned to the CCE office. Most counties have established a policy for the use of such funds or the club may be asked to recommend alternative uses. Money raised in the name of 4-H ultimately needs to support 4-H programming in the county.

Read the next 4 pages carefully for detailed information about procedures your club must follow to handle its money matters responsibly. Information about officer responsibilities, bank accounts, required financial reporting, and fundraising is included.

Financial Procedures for 4-H Clubs

Responsibilities

The club, when organized, must agree to:

- maintain records of all financial transactions;
- submit a financial statement, including a list of all financial transactions, to the extension association at least annually (see Tool L-18); 4-H Club Financial Statement

Club Records

1. The club-elected **secretary** will keep accurate minutes of each business meeting including the treasurer's report. The secretary will also read the minutes of the previous meeting for approval. The elected **treasurer** will report the amount of money collected, the amount of bills paid since the last meeting and the current balance.
2. A **volunteer leader** of the club will ensure that the treasurer understands his/her duties, as described in the treasurer's record book and this document.

Safe-guarding Funds

1. A club may choose to establish a checking account in which to deposit all cash or checks received from club sales, collection of cash from club members for activities, or donations made to the club. The County Association determines whether individual clubs should open bank accounts. The account should be established in the name of the club and the association with the club treasurer and adult volunteer leader as well as the association check signor listed as the designated signers on the account. **(This is not an option in Delaware County unless grandfathered in)**
2. If a club opens an account, the name on the account should be **Cornell Cooperative Extension of "Example" County - "Example" 4-H Club**. In this case the procedures for applying for an EIN should be followed, this can be found in [FORM Code 1601](#). The extension association will determine which banking institution the 4-H club should use.

NOTE: 4-H clubs are required to submit an annual financial statement to the local Cornell Cooperative Extension Association **regardless of the amount of gross receipts.**

a. If a checking account exists, the volunteer leader is to ensure that:

- deposits are made in a timely manner;
- another club member, not the treasurer, is chosen to reconcile the monthly bank statements with the treasurer's book;
- all payments of bills made by the club or group are to be made by check, and with supporting documentation (bills, statements, packing slips, etc.). All bills are canceled (marked "paid" and dated) as they are paid;
- The volunteer club leader is to be the co-signer for checks written on behalf of the club.

b. If a checking account does not exist, the volunteer leader is to ensure:

- another club member, not the treasurer, is chosen to count the cash and compare the totals with the Treasurer's record book on a monthly basis.
 - cash is adequately secured and safeguarded; ie. Locked in a safe or lockbox
 - all payments of bills made by the club are to be made with supporting documentation (bills, statements, packing slips, etc.). All bills are canceled (marked "paid" and dated) as they are paid.
2. It is **not** recommended that a club open a savings account or other interest bearing account. Fees may be applied and the club would be subject to a great deal more record keeping and paperwork. If a club handles large amounts of money and would really benefit from an interest bearing account, discuss the requirements and options with a 4-H staff member before approaching a bank.
3. Every club handling funds should use an audit committee to examine and verify the accounts of the club at the end of the 4-H year. The chairman of the committee should make a report to the club and file a written statement (See Tool L-19, 4-H Club Audit Report) with the elected secretary that becomes a permanent record in the club's minutes. An audit committee prevents misunderstandings and protects the outgoing and incoming treasurers of the club. Such a committee is usually appointed by the president of the club at the time the books are to be audited.

Fundraising

1. Prior to beginning a fund raising activity, the club needs to ensure that it will be in the best interest of the club and must receive permission from the appropriate Extension Educator to raise funds in the name of 4-H. The required request form must be submitted to the Cornell Cooperative Extension office at least 30 days before the proposed fund raising date. (See Tool L-20; Fundraising Guidelines for 4-H Clubs and Request for Permission to Raise Funds in the name of 4-H.) Fund raising activities may be conducted on an individual club basis or in conjunction with other local clubs.
2. Use the following cash control procedures when your club collects cash or checks:
 - **Door-to-door sales** - As the club member receives cash for a sale, a sales summary form must be completed. All cash and a copy of the sales summary form are to be given to the chairperson responsible. (**Reminder:** Cloverbud members are prohibited from participating in door-to-door sales.)
 - **Fair Booth** - Cash collected should be under the control of two people whenever possible, particularly when it is not practical to issue receipts. For example, at the end of each day, cash taken in at a fair booth should be counted by two people and a cash summary sheet should be prepared (see Tool L-21; Sample: Cash Summary Form for 4-H Sales). Use of a cash register is advised.

NOTE: Sales tax need not be collected on sales made door to door; however, sales tax must be collected if a table or booth is set up at a shop, store, or at a fair. Discuss required procedures and paperwork with a 4-H staff member before finalizing plans for your sale. (See Tool L- 22, Facts 4-H Clubs Need to Know about New York State Sales Tax)

3. On a timely basis, all cash and checks received from fundraising must be turned in to the club treasurer with sales summary sheets for verification.

Club Balance

A club should not carry a balance exceeding \$750 into the new fiscal year. If a club has a balance in excess of \$750 at year-end the funds should be transferred to the Association account.

If, however, the club expects to utilize the funds for specific programs or activities in the next year, a request to carry the balance over to the next fiscal year should be submitted to the appropriate Extension Educator. This request should include a list of the planned events for which these funds will be used. The Extension Educator will review the status of the club with the Executive Director to determine if the funds should remain within the club account. **(Delaware County 4-H recommends no more than \$500)**

4-H Clubs and Taxes

4-H Clubs and affiliates are not to apply for separate NYS sales tax exemption. If however a club has a large purchase to make (ie for a fundraising sale) discussions with the Extension Educator may be initiated to possibly make the purchase through the association and utilize the NYS sales tax exemption held by the CCE Association.

Donations made to clubs for 4-H activities are tax deductible. In the case of a donation exceeding \$250.00, whether it be in cash, materials or an animal for sale, the Association office should issue a donor acknowledgement letter in recognition of the gift. A copy of the acknowledgement must be kept in the 4-H club's treasurer records. Non-consumable donations such as equipment should only be accepted if the 4-H club is prepared to accept the responsibilities of ownership including care, maintenance, and insurance.

Payment for Personal Services Rendered

Clubs must consult with their local Cornell Cooperative Extension Association if they wish to pay anyone for personal services. To avoid having to issue a 1099 clubs should not engage any individuals for any service resulting in payments over \$600.00.

Members and leaders can be reimbursed for expenses (supplies, snacks, etc.) agreed to by the club.

Disbandment of Club

When a 4-H club disbands, all assets (including equipment, property, bank accounts, etc.) must be submitted to the local Cornell Cooperative Extension Association. Associations may have a policy in place for specifically designating where such funds or assets are to be utilized. If no such policy exists, the club members may recommend where these assets and funds are used.

4-H Club \$\$\$\$\$ Checklist

At the beginning of the club year...

- ✓ Elect a Treasurer
- ✓ Appoint an Adult Advisor to the Treasurer
- ✓ Review Treasurer's responsibilities
- ✓ Review the Financial Procedures for 4-H Clubs
- ✓ Estimate expenses and determine whether a fundraiser will be needed. Please plan ahead!

During the club year...

- ✓ Keep track of all income and expenses.
- ✓ Keep any money in a safe and secure place.
- ✓ Give a treasurer's report at each business meeting.
- ✓ Reconcile the cash, receipts and bills with the treasurer's book monthly.
- ✓ If fundraising activities are planned, apply for permission to raise funds in the name of 4-H at least 30 days before the event or sale kick-off date.
- ✓ If fundraising activity requires collection of sales tax, register with the New York State Tax Department. (See Tool L-22)
- ✓ If applicable, file quarterly sales tax report and make payments before deadline.

At the end of the club year...

- ✓ Verify that cash, accounts and records agree (AUDIT).
- ✓ File audit report with 4-H club minutes.
- ✓ Send Financial Statement to the Cornell Cooperative Extension Office.

Facts 4-H Clubs Need to Know about New York State Sales Tax

1. A combined state and local sales tax must be collected whenever tangible items, food or drink are sold from a fair booth, camp store or temporary sales counter or table.
2. Sales tax must also be collected for parking services provided for a fee at a fair or event.
3. When a fee is charged for a 4-H event that includes a meal or refreshments that have been prepared by the membership (such as a covered dish dinner) and is held apart from any other organization or vendor that is required to collect tax, collection of sales tax is **not** required.
4. Collection of sales tax is **not** required for door-to-door sales. However they must pay sales tax to the wholesaler that the product was purchased from.
5. Depending on the nature of your fundraiser and whether or not it is held in conjunction with a larger event (such as a fair, craft show or horse show) you may be required to register with the New York State Tax Department. When you submit your fundraising plan for approval check with the 4-H staff to see if registration is required. If so, the CCE office may have a supply of the registration forms. Otherwise, call the New York State Tax Department at 1-800-462-8100 to obtain one. Allow 4-6 weeks for processing.
6. If you are required to register, you must display the vendor certificate you receive prominently in the sales area and post your prices with either "plus tax" or "tax included." After the event you must submit a tax report and a check for the amount of sales tax collected to the New York State Tax Department. Quarterly tax reports must be submitted from then on (even when no sales tax was collected) unless permission to file annually is obtained from the Tax Department.
7. Cornell Cooperative Extension is responsible for ensuring that groups under its auspices (such as 4-H clubs) comply with tax laws. Violations could result in penalties or loss of tax-exempt status. Therefore **it is imperative that all fundraising plans be approved by the appropriate Cornell Cooperative Extension staff member in advance.** If your fundraiser is approved and collection of sales tax is required, your club must keep an accurate record of all sales, submit the taxes on time and follow any other procedures required by your county Cornell Cooperative Extension Association.