



## Procedure for Handling 4-H Accounts: Guidelines for Creating Accounts<sup>1</sup>

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*4-H Affiliate Group: An identifiable group of youth/adults sanctioned by Extension to carry out the mission of the 4-H Youth Development Program.*

### How Are 4-H Club or Affiliate Group (Unit) Accounts Created?

Historically, 4-H accounts for individual Florida clubs or affiliate groups (units) have been established in several different ways. They may be classified as subaccounts in the County 4-H Foundation, or each individual 4-H club may have its own account.

Regardless of the county method, there are some universal policies, guidelines, and procedures that need to be followed when maintaining accounts or establishing new accounts.

A 4-H unit that plans to maintain more than \$25 in funds must establish its own savings and/or checking account unless the money is maintained in a county Extension account. The Extension 4-H agent can authorize the establishment of an account.

### Step One: Obtain Official 4-H Unit Authorization

The first step is the authorizing or "chartering" of 4-H county or local clubs or affiliate groups. Clubs must be chartered to be

eligible for an account with the authorization to use the name and emblem. Other 4-H affiliated groups, such as committees, councils, and boards, must have a memorandum of understanding (MOU) that recognizes the group affiliation with 4-H and authorizes the parameters of use of the name and emblem, along with fiscal resource guidelines and management.

All 4-H Clubs and Affiliate Groups which receive and expend funds and which are organized on either a formal or informal basis should have some type of written evidence that recognizes them as part of the 4-H program conducted by the Cooperative Extension Service. An annual application of continuance of the club charter, reminding club volunteers of program and fiscal accountability, should be completed. Likewise, the MOU for affiliate groups provides the terms and responsibilities of involved parties.

The 4-H Charter (or other documentation) authorizing a volunteer-managed organization to carry out a program of youth activities using the name and emblem also authorizes the club to establish one (1) checking/savings account for its activities. Additional accounts require special approval from the County Extension Director.

All individual 4-H clubs and affiliate groups operate under the authority and jurisdiction of their respective County Extension Director.

<sup>1</sup> This document is 4H 5.2, one of a series of the Florida 4-H Program, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida. Please visit the 4-H Website at <http://4h.ifas.ufl.edu/Curriculum/index.htm>.

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## Step Two: Obtain an EIN Number for the Club or Affiliate Account

The IRS has assigned a Federal Income Tax Group Exemption Number to 4-H that must be used by all 4-H Clubs and affiliated 4-H organizations when filing or corresponding with the IRS. The national Group Exemption Number (GEN) is 2704. Additionally, there is a Federal Tax Identification Number, commonly known as an Employer Identification Number (EIN), assigned to the National 4-H Headquarters-USDA that identifies that office as the "parent" entity for all 4-H Clubs and Affiliated Organizations.

Working closely with the Extension office, 4-H units with a planned treasury complete the IRS application for an EIN (Employer Identification Number), Form SS-4. This form may be found online at <http://www.irs.gov/pub/irs-pdf/iss4.pdf>. or obtained at an IRS office. Use the assigned GEN, 2704, when completing the form. It may take up to six weeks to receive the designated Employer Identification Number, which is specific to the individual unit. This number must be filed with the Extension office.

If 4-H units have subaccounts under one County 4-H Program/Foundation account, then individual 4-H units within the county are not required to apply for individual identification numbers. Under these conditions, the County Extension office must maintain account procedures according to Extension policies.

All bank accounts must be established with a federal identification number and reported to the County Extension office. The County Extension office will periodically transmit the names and EINs of new 4-H units to the IRS. The IRS will place these names and EINs on their master list of "charity" organizations, thereby making them eligible to receive donations and provide documentation to donors of their ability to receive donations of money or property with tax benefit to the donor.

## Step Three: Establish the 4-H Account

For new 4-H Clubs, discuss the proper way to establish an account, the specific names used for the authorized signatures, and the goals of

keeping the account with the 4-H Club membership. Discuss various account options by visiting local banks or savings and loan institutions to learn about the process and charges for setting up an account. Along with the unit volunteer, include the President and Treasurer in the process of opening the account.

Account names must include the club name and the words "4-H Club." While accounts can be handled within the Extension office, names of individual faculty, specialists, staff members, or club leaders should never appear on any checking or savings accounts for a 4-H club or program, nor should the Social Security number of an individual be used in lieu of the appropriate tax identification number. Any accounts currently operating under a Social Security number must be converted to comply with the aforementioned requirements.

Accounts should be set up so that they require two signatures from unrelated people. One of these may be a youth in the group. Additional signatures may also be authorized with annual review of the signature authority.

## Recommended Guidelines for Managing 4-H Club Accounts

Each county Extension 4-H agent is responsible for overseeing the handling of treasuries and fund-raising activities by 4-H units, members, volunteers, and parents. Any 4-H unit authorized to have a treasury or participate in fund-raising activities should be required to meet the following requirements for good accountability. Additional or customized reporting procedures may be established by a County Extension Advisory Committee as approved by the county Extension director.

- Each time the 4-H unit conducts a regular business meeting, the written record of income and expenses should be updated.
- At the end of the 4-H year, the funds remaining in a club account should not be excessive. Funds should not be accumulated for the sake of accumulating funds.
- As a general rule, a beginning balance which is not designated for any specific purpose

should not exceed 110% of a club's proposed budget for the next year.

- Youth learning is an important part of any 4-H club program. Officers and members will learn how to prepare a budget, raise funds, and manage their money. Therefore, the retention of excess funds by a 4-H unit is strongly discouraged.

The designation of 4-H clubs as "tax-exempt" means that these groups do not pay federal tax on income. If total income exceeds \$25,000 in one calendar year, or if the funds earn over \$50 in interest in one calendar year, there is still a responsibility to file an income tax form. Work closely with the Extension office if this occurs.

### Fund-Raising Guidelines

Before beginning any type of 4-H fund-raising activities for the program year, the method of fund-raising and intended use of funds must be discussed by the youth in the club and included in the minutes. A request/notification must be prepared for the Extension office and reviewed and approved by the County Extension Director or appointed designee. Many counties have a specific form that 4-H Clubs or Affiliate Groups use to communicate their fundraising plans.

Raising funds with no specific 4-H program or purpose in mind is not allowed. Proper use of the 4-H name and emblem must be abided by in all fund-raising and account management activities. County 4-H units, individual 4-H units, and their volunteers and members are accountable for all funds raised by them or in their names. This means that they have responsibility for how funds are used and for protecting balances from misappropriation. To ensure that funds are being used appropriately, an annual financial statement must be prepared that includes details on income and expenditures for any 4-H unit authorized to use the 4-H name and emblem.

If a 4-H unit intends to conduct a fund-raising event to raise more than \$100, they must file intent with the County Extension Director (or designee) indicating the type of activity and purpose for which the funds are being raised.

### Resources

*The 4-H Treasurer's Book and List of Duties*, available at <https://4h.ifas.ufl.edu/Curriculum/projects/Club%20Materials%20&%20Org%20Dev/Club%20Pubs/4HGCR02.PDF>, will assist youth and their leaders with their fiscal responsibilities.

*Tax Exempt Status of 4-H Clubs and Groups* is available at [http://www.national4-hheadquarters.gov/library/fs\\_tax\\_4-05-06.pdf](http://www.national4-hheadquarters.gov/library/fs_tax_4-05-06.pdf).

Form SS-4, the Application for Employer Identification Number, can be obtained from your local IRS Office or on the Web at <http://www.irs.gov/pub/irs-pdf/iss4.pdf>.