

Updated: October 10, 2014

## 4-H Clubs and Groups Annual Financial Report and Annual Accounting Form FAQs for Advising and Reviewing Charter Financial Documents from 4-H Clubs and Groups

### 1. Does every blank have to be completed on the two-page *Annual Financial Report*?

Yes, every blank must be completed to be accepted. This information provides evidence of accountability for 4-H funds. Place a "0" if not applicable.

### 2. Does the 4-H club or committee have to use the *Annual Accounting Form* format in the *4-H Charter Renewal Packet* or can they create their own format for financial reports?

All 4-H clubs and committees must use the *Annual Accounting Form* format for financial reports. Additional categories/lines can be added to either column. Additional information can be attached to the *Annual Financial Report*.

### 3. What is the *Annual Financial Report* used for and who will be reviewing it?

The *Annual Financial Report* will be reviewed by 4-H Youth Development Educator. They must insure that all 4-H funds have been accounted for and handled appropriately, including completion of the annual audit. 4-H Youth Development Educators will use the information to determine and report the non-foundation category for each 4-H clubs and group/committee in the county. This information is required by UW-Extension and the IRS. Lastly, the information may be reviewed by UW-Extension and the IRS.

### 4. What additional categories are recommended for the *Funds Received* side of the *Annual Accounting Form*?

It is recommended that under *Funds Received*, the remaining open space be labeled *Other Income* or *Miscellaneous*. *Other Income* includes fees that are collected for educational programs, activities and events planned and implemented by other groups such as Wisconsin 4-H Youth Development Program Area. Accounting for income or funds received from a member or family that is their portion of a fee that will be combined with other sources so one check can be made out to an organization would be listed here. An example could be with camps or leadership experiences such as 4-H & Youth Conference. There should be detail available for all monies documented in the *Other Income* category to make sure that it is reported in the correct area. This can be attached to the *Annual Financial Report*.

The space should not be used to lump all funds received that the volunteer does not know where it goes. It is critical that funds received fall within one of the six categories.

### 5. What additional categories are recommended for the *Funds Disbursed* side of the *Annual Accounting Form*?

It is critical that **ALL** expenses are accounted for. General expense categories might include Fund Raising Expenses, Educational Supplies, Dues paid to the County Leaders Organization, Community Service Expenses, Recreation, etc. More specific categories from a budget might be: Volunteer Recognition; Day Camp; Cloverbud Camp; Summer Camp; Leadership Events and Trips; Achievement Night; Specific Fund Raiser Expenses (such as candy sales, food stand, etc.) etc. It is important to provide enough information that those reviewing the *Annual Accounting Form* can determine that 4-H funds were used appropriately.

If needed for documentation of funds disbursed, an additional page can be attached to the *Annual Financial Report*.

**6. What needs to be reported in the *Donations* line of the *Annual Accounting Form*?**

The *Donations* line item includes grants, donations and bequests from any source without the expectation of a specific or named individual receiving some type of benefit.

**7. What types of activities should be categorized as *Fund Raising*?**

By definition, a fund raiser is for raising money for an intended purpose. Some common examples of fundraising are: Pizza sales, frozen food sales, wreath sales, candy bar sales, food stands, silent auctions, etc. See the [4-H Fundraising Guidelines](#) and the 4-H National Headquarters Fact Sheet [Fundraising: Private Support for the 4-H Program](#) and additional documents on the [Financial Management Website](#) to assist local 4-H clubs and groups in fundraising for 4-H.

**8. Do I report income and expenses for fund raising in the fiscal year of the fund raising project or when the income is received and the expenses are paid? This could be in two different fiscal years and might look like the fundraising project was unsuccessful.**

Income from a fund raiser is reported in the year it is received. An expense for the fund raiser is reported in the year they are paid. Remember when clubs conduct a fund raiser, they should ask “what is the fund raiser for?” There should be a purpose.

**9. What should be reported in the *Investment Income* line of the *Annual Accounting Form*?**

*Investment Income* includes any interest earned from a bank account, endowment fund, trust fund or any other investment. Interest earned that is allowed to roll over into the principle on an investment must be reported in the *Interest Income* line. It is recorded in the year it is earned. If income from investments is not paid out in the fiscal year in which it is earned, it should be included in the year-end balance of either the savings account or checking account. The current value of all investments accounts needed be recorded as part of the beginning and ending balances of the *Savings Account* line. A detailed listing of all investment accounts and their balance should be attached to the *Annual Financial Report*.

**10. What needs to be reported in the *Member Dues* line of the *Annual Accounting Form*?**

*Member Dues* are the moneys received from each member. Dues give the member the right to vote. This is a demonstration of citizenship in action. The income can be used for member participation in educational and recreational programs as well as covering any assessments for literature/project materials, accident insurance for members, the Wisconsin 4-H Foundation assessment, etc. Members vote on the amount of dues and how all 4-H club or group funds are used.

**11. Where do we put money coming in from a 4-H family to pay for a program fee where that fee is then paid out by the local Leaders Organization? In essence, the money is just passing through. Examples would be Citizenship Washington Focus, Camp programs, Space Camp, etc.**

On the *Annual Accounting Form*, there is a category called *Other/Pass Through Funds* that can be used for money coming into an organization. The total of the money coming into the 4-H club/group must equal the check written to the organization planning and conducting the activity, event or experience.

However, if the **4-H club or group covers any of the expense** for member participation, then fees collected and disbursed would be documented as *Income for Youth Development Services*. For example, if a member is participating in 4-H & Youth Conference and the parent/guardian pays 50% of the fee and the club covers 50% of the costs, this income and disbursement would be recorded in *Income for Youth Development Services*.

**12. What should be reported in the Income from Youth Development Services line of the Annual Accounting Form?**

*Income from Youth Development Services* is **all fees** collected from members or non-members to participate in a youth development program, activity or event that is **planned and conducted by the 4-H club or group**, fees collected and disbursed would be documented as *Income for Youth Development Services*. For example, registration fees for field trips, project learning days, 4-H camps. This would include total money collected by members even when a reduced rate for members has been determined.

The only exception is if the program, activity or event is planned by the 4-H club or group and the costs are totally included in the dues collected by members, then nothing would be recorded for that educational experience in this line of the Annual Accounting Form. It would have been included under *Member Dues*.

If money cannot be strictly characterized as fundraising, member dues, or pass through money (other), money should be treated and recorded as *Income from Youth Development Services*.

**13. Our club orders club t-shirts for members, leaders, and parents. The club writes one check to pay for the shirts and everyone pays the club. Is this a fundraiser or another type of category?**

If t-shirts are being sold only to program participants or included in the program fee, then the income and disbursement should be documented under *Youth Development Services*.

If shirts are being sold to any individual as a fundraiser, they must be accounted for under *Fundraising* for both *Funds Received* and *Funds Disbursed*. Sales may be subject to sales tax. See the Sales and Use Tax information located on the [4-H Financial Website](#).

**14. Some years our 4-H club does not have any deposits or income other than interest earned. Is this a problem?**

4-H Clubs and Groups are able to raise funds to conduct educational programs for youth. To avoid being identified or have the appearance of being a foundation, 4-H clubs and groups need some income activity or fund raising other than interest on accounts. This might be as simple as charging a \$1 due per member or hold a fundraiser or receive a donation or any combination of these at least twice within a 5 year period. 4-H Clubs and Groups are reminded that they should be spending the money raised on educational programs for youth.

**15. If a 4-H club does not raise or spend any money, why must they have an EIN number and file an IRS form 990 annually?**

In Wisconsin, all 4-H clubs must be chartered. Charters must be renewed annually. Chartering allows the 4-H club to use the 4-H Name and Emblem and have all of the rights and responsibilities as a 4-H club. This includes programmatic and financial accountability. Each chartered 4-H club must have an EIN number and file an IRS form 990 annually as part of the financial accountability required for Federal tax exempt status. 4-H Groups or Committees must be chartered if they handle finances and have a checkbook OR they must be formally recognized and accountable to the county 4-H Leaders Organization.

## 16. How much money can a 4-H club or group hold in a checking, saving or investment account?

To be a 4-H chartered club or group and receive federal tax exempt status, 4-H clubs and groups must qualify as a non-foundation. Wisconsin 4-H organizations are not to hold more than the current year plus one year's operating budget in reserve. If a 4-H organization does not regularly raise or spend money and holds a balance greater than its projected budget for the next year, it should find a way to spend the balance for 4-H educational programs and plan on raising money in the coming years. Clubs/groups can develop a five year plan if they have funds in excess of two years.

Chartered 4-H clubs and groups that are saving for a specific capital investment (over \$500) must have a separate line item for income and expenditures. If a capital investment is being considered, [the Capital Equipment Decision Tree](#) must be used.

As per [Wisconsin 4-H Youth Development Policies](#) and with all public funds, there are specific rules and regulations that must be followed to ensure proper use and minimal risk. With the oversight from the 4-H Youth Development Educator, options for 4-H Clubs/Units/ Groups are outlined in the [Wisconsin 4-H Policies](#).