MARYLAND 4-H CLUB
FINANCIAL GUIDELINES
FOR CHARTERED 4-H CLUBS AND
OTHER GROUPS AUTHORIZED TO USE THE 4-H NAME AND
EMBLEM IN MARYLAND

The Maryland 4-H Youth Development program is part of University of Maryland Extension (UME), which is part of the University of Maryland. Because of this relationship, all financial transactions of local 4-H clubs, county councils, committees, boards, and other related organizations (county leaders’ council/association, camp board, livestock sale committee, etc.) must be managed according to the guidelines outlined in this paper.

Under U.S. Department of Agriculture and University of Maryland guidelines, each county/city Extension Office is required to keep track of all financial transactions made by clubs and groups authorized to use the 4-H name and emblem. Each authorized club/group must complete an annual report showing the

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source of all income and how it is disbursed. The required annual report:

$ Creates an open, public record for each nonprofit group.
$ Fulfills the audit concerns of the University of Maryland.
$ Shows how Maryland Extension-related organizations help the University fulfill its obligation of accountability to the residents of Maryland.

The following guidelines will help your 4-H club/group fulfill its responsibilities for handling funds:

1. Bank Account

All monies should be placed in a bank account in the name of the club/group. As nonprofit organizations, 4-H clubs/groups are not charged a service fee. There may be, however, a charge for printing the club/group name on checks.

2. Employer Identification Number (EIN)

Every 4-H club/group must have an Employer Identification Number (EIN) to open a checking or savings account. To apply for an EIN from the Internal Revenue Service (IRS), use form SS-4. 4-H should be the first word of the club name on the form and on club/group bank account(s).

3. Signatures

Each club/group is required to have two (2) names on all checking and savings accounts. Chartered 4-H clubs will have the youth treasurer and an UME volunteer on accounts. The UME volunteer should not be the parent of the treasurer. Both signatures are required on each check issued. No University of Maryland faculty or staff member’s signature may appear on any account belonging to a 4-H club/group authorized to use the 4-H name and emblem.

4. Maryland 4-H Club Treasurer’s Record Book

The club/group treasurer must use the Maryland 4-H Club Treasurer’s Guidebook (4-H 95) to show sources and amounts of money received and payments made to whom and for what purpose. Treasurer’s records become a permanent part of the club records.

5. Annual Budget

Clubs/groups are encouraged to prepare an annual budget. This is a written plan for raising and spending money for 1 year. Since the members of the club/group approve the budget, it will not be necessary to seek approval for payment of items included in the budget. If the club/group does not have a budget, or items arise that are not a part of the budget, each item must be presented to members for approval before payment is made. An annual budget accomplishes two things. First, all expenditures of club funds are made with full approval of the club/group. Second, it is a great way for members to learn how money flows in and out of an organization.

6. Receipts

All income should be acknowledged with a written receipt, preferably prenumbered. The receipt should include the source of the funds (such as carwash or plant sale), the date, and, if possible, the name of the person making the payment. These receipts are the back-up documentation for bank deposits. The receipts become a permanent part of the club/group records.
7. Payments

Payments should be made only in response to a written bill or sales receipt. The itemized receipts, clearly stating what was billed, with the check number and the date of the check on it, will also become a permanent part of the treasurer’s records.

8. Fund-raising

4-H members do not pay state or national membership dues. Local and county clubs/groups may raise money for their goals through fund-raising or dues or both. Fund-raising must be done for the good of the total group and be consistent with the county/state fund-raising policies. The 4-H Youth Development educator and/or County Extension Director (CED) must approve all club/group and county fund-raising activities before the event occurs.

All monies raised using the 4-H name must be used only for 4-H activities. Because these funds are publicly accountable, they may not be given to individual club members or others, but must be used to pay for educational programs, activities, workshops, or supplies. Fund-raising should not be the main focus of group activities nor exclude any individual from participating. Clubs are expected to support the financial needs of the total group and, when possible, assist with participant costs in county, state, national, and international programs.

Recommended fund-raisers for youth groups include car washes; bake, cookie, citrus fruit, plant, candy, and yard sales; pancake suppers; spaghetti dinners; auctions; and flea markets. Raffle-type fund-raisers are not appropriate.

9. Cash Donations

Cash donations must be acknowledged in writing to the donor and must include the amount of the contribution. A copy of the acknowledgment must be kept with the treasurer’s records.

10. Noncash Donations

Noncash donations (consumable donations of supplies or miscellaneous items) should also be acknowledged in writing to the donor. A description of the item(s) must be included in the acknowledgment. Valuation of noncash donations is the responsibility of the donor, in consultation with his/her tax advisor and individuals qualified to appraise an item of this type. It is not appropriate for a 4-H club/group, faculty/staff member, or UME volunteer to place a value on items donated. Donors cannot specify the individual recipient of cash or noncash donations. A copy of the acknowledgment must be kept with the treasurer’s records.

Nonconsumable donations such as equipment or animals should be accepted only if the club/group is prepared to accept the responsibilities of ownership including care, maintenance, and insurance. Clubs should not feel compelled to accept noncash gifts. Contact the 4-H faculty/staff member whenever there are questions about accepting and/or managing donations.

11. Quid Pro Quo Contributions

Quid pro quo contributions, “payment made partly as a contribution and partly for goods or services provided to the donor by the charity,” should also be acknowledged in writing. An example of a quid pro quo contribution is where the donor gives $100 for a cake valued at $12. The disclosure statement must inform the donor that the “amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or services provided by the charity,” and provide the donor with a good faith estimate of the value of goods or services that the donor received.
12. Sales Tax

Maryland tax law requires that organizations selling tangible personal property collect sales tax from the buyer. Therefore, clubs are required to collect and remit sales tax on things like cookbooks, calendars, or plant sales. For more information, call the Maryland State Comptroller’s Office at 1-800492-1752 and ask for the Special Events Office to get a temporary sales tax license. Sales tax is not collected on services such as car washes.

13. County Review

A financial report for each 4-H club/group authorized to use the 4-H name and emblem must be turned in to the county Extension office by February 15 each year for review. The County 4-H Youth Development educator and the CED or other identified individual(s) not affiliated with the club will conduct the financial review. The form required for the review is the Annual Financial Summary Record. These reports become a permanent part of the county record maintained for each club/group and will remain on file for five (5) years.

Additional information, including all bank statements, receipts, canceled checks, checkbooks, savings account books, and the Maryland 4-H Club Treasurer’s Guidebook (4-H 95), may also be requested for review. These items will be returned following the review and should remain with the permanent club/group records.

14. Club/group Disbandment

Monies left in account(s) when a club/group disbands, ceases operation, or loses its charter must be turned over to the county Extension Advisory Council (EAC) unless otherwise specified in the bylaws. These monies may be used for county 4-H programs and activities. All property belonging to the club/group must be turned in to the UME Office. If a club divides, creating more than one properly chartered club or authorized group, the funds from the original club/group must be divided, based on membership in each club/group.

15. Complaints

The UME 4-H Youth Development faculty/staff member and/or CED will investigate all complaints regarding use of funds. Concerns can be avoided and/or settled quickly if all financial records are kept up-to-date and the guidelines outlined here have been followed.

16. Clubs/Groups Not Handling Money

Clubs/groups that don’t have treasuries and don’t handle any money need to mark 0’s on the Annual Financial Summary Report, sign and date the form, and return to the County Extension Office by February 15 each year.

Adapted from the Michigan 4-H Club Treasurer’s Record Book (4-H 1203), and the Maryland 4-H Club Treasurer’s Guidebook (4-H 95). October, 1998.

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