



## FUNDRAISING: PRIVATE SUPPORT FOR THE 4-H PROGRAM

Education and character-building are the basic premises of the 4-H Youth Development program. Federal, State and county tax funds are the major source of support for all Cooperative Extension programs, including 4-H. However, there are some educational efforts provided through 4-H which cannot be fully supported by tax dollars alone and local and statewide fundraising by 4-H groups has always been an integral part of conducting 4-H programs. 4-H programs should provide opportunity for the many private groups interested in youth to help advance the 4-H program, to become “friends of 4-H” with contributions of time, money and facilities. New or broader program opportunities that may not have been anticipated within the normal funding processes for 4-H, can be encouraged by private support for 4-H. In all, private funds should not have the effect of replacing the main source of support for Cooperative Extension programs from tax dollars, rather, private support raised through 4-H fundraising is frequently good evidence that citizens believe in the educational and character-building foundation of 4-H and are willing to invest in the future of the 4-H members.

In seeking private support for 4-H programs, through fundraising, State and local Extension officials must insure that the funds are given and used in accordance with **Title 7 of the Code of Federal Regulations section 8 and USDA Guidelines pertaining to the 4-H program**. Critical elements of these regulations and guidelines include:

- ◆ **Fundraising programs** using the 4-H Name and Emblem may be carried out for specific educational purposes. Such fundraising programs and use of the 4-H Name and Emblem on or associated with, products, and services for such purposes **must have the approval of [the] appropriate Cooperative Extension office** (local, county, state or national level).
- ◆ **All moneys received** from 4-H fundraising programs, except those necessary to pay reasonable expenses, **must be expended to further the 4-H educational programs**.
- ◆ Private support moneys should be:
  - Given and used for priority educational purposes. Accounted
  - for efficiently and fully
- ◆ Fundraising groups properly authorized to use the 4-H Name and Emblem are to be held accountable to the 4-H program granting authorization. **There must be a definite plan to account for funds raised prior to authorization**. Such a plan should be within the policy guidelines of the State for handling funds.
- ◆ **Any use of the 4-H Name and Emblem is forbidden if it exploits the 4-H programs**, its volunteer leaders or 4-H youth participants or USDA, Cooperative Extension, land-grant institutions, or their employees.
- ◆ **The 4-H Name and Emblem shall not be used to imply endorsement of commercial firms, products or services**.
- ◆ In connection with 4-H fundraising purposes, **the following disclaimer statement must be used on products or services offered for sale**:
 

“A portion of the sales price of this product or service will be used to promote 4-H educational programs. No endorsement of the product or service by 4-H is implied or intended.”



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# 4-H MONEY MATTERS FACT SHEET 1

## 4-H MONEY BASICS

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*4-H Money Basics* provides a general overview of best practices and guidelines for handling 4-H money. This is the first in a series of *4-H Money Matters Fact Sheets* for 4-H Youth Development volunteers. The series will cover a variety of facts, tools and links to additional information with the goal of helping volunteers ensure that 4-H money is safe and accountable.

### 4-H Money = Public Funds

- A 4-H Charter is the only document that officially recognizes a 4-H Club or Group and authorizes their use of the 4-H Name and Emblem to conduct 4-H Youth Development programs.
- All money received by a 4-H Club or Group is public money because 4-H is a public organization.
- Federal regulations governing the continued use of the 4-H Name and Emblem require annual financial reporting and accountability.
- Funds raised in the name of 4-H must be publicly accountable and must be used for 4-H educational purposes.
- All moneys received from 4-H fund raising programs, except those necessary to pay reasonable expenses, must be expended to further the 4-H educational program.
- The 4-H treasurer is responsible to all members, volunteer leaders, the 4-H Youth Development agent, and the public.
- CSU Extension has oversight for 4-H programmatic and financial accountability.

### Managing 4-H Money

- 4-H funds must be deposited in a FDIC or NCUA insured public financial institution in an account bearing the 4-H name.
- An Employer Identification Number (EIN) is needed to open a checking or savings account. This is the Federal Identification Number. Work with the 4-H Youth Development Agent when applying for an EIN number. Personal social security numbers are never to be used on any 4-H financial account.
- The 4-H Club or Group should develop an annual budget. The budget is used by members, treasurers and others for planning expenses and paying bills. A budget should represent a reasonable expectation of projected expenditures and income for the 4-H Club and Group. A budget must be approved by the members.

### Best Practices

- The treasurer position in a 4-H Club or Group is a youth position. This is a valuable youth leadership role.
- Checks should require two (2) signatures: the club treasurer and an adult volunteer leader is preferred. The two signatories should not be related to each other.
- Use good money handling practices:
  - Write a receipt for all monies received. The receipt should include the amount, source of the funds (such as a car wash or book sale), the date, and the name of the person making the payment. Receipts are back-up records for bank deposits made. Receipts should become a permanent part of the club files.
  - Deposit all monies into the bank account promptly.
  - Pay all bills promptly.
- Members need to approve payments. This is done through the approved budget. If the payment is outside the approved budget, a vote is needed by the membership at the next meeting.
- A payment approval form should be used and the receipt from the purchase should be attached.
- Financial records should be kept up-to-date and reported at each 4-H Club or Group meeting.

### Fund Raising Guidelines

- Money raised in the name of 4-H must be used for 4-H educational purposes.
- Fund raising should only be conducted to meet a specific 4-H Club or Group educational goal.
- Generally, money raised during the year should be spent that same year.
- Discuss fund raising plans with the 4-H Youth Development Agent.
- Check with the 4-H Youth Development Agent before putting the 4-H Name and Emblem on any item you intend to sell for profit.
- In connection with 4-H fundraising purposes, the following disclaimer must be used on products or services offered for sale: "A portion of the sales price of this product or service will be used to promote 4-H educational programs. No endorsement of the product or service by 4-H is implied or intended."

- If a 4-H Club or Group is considering a major expenditure (over \$500) or purchasing capital equipment (an asset which has a useful life of more than one year) the 4-H Club or group must secure written approval from the 4-H Youth Development Agent prior to the purchase of the item.

### Financial Reporting

- A financial report should be made to members at every meeting.
- The 4-H Club or Group Annual Financial Report **must** be submitted on time each year to the 4-H Youth Development Agent as part of the annual 4-H Charter Renewal packet.
- The Colorado 4-H fiscal year is July 1 through June 30.
- If a 4-H Club or Group has excess funds a plan to spend down the funds must be put in place with the 4-H Youth Development Agent.

### State Tax Facts

- 4-H Clubs and Groups are eligible to receive and use the Colorado 4-H Foundation sales tax exempt number. To obtain a sales tax exempt certificate, contact the 4-H Youth Development Agent.
- When the sales tax exempt number is used, you do not pay sales tax on purchases made for the 4-H Club or Group.
- 4-H Clubs and Groups may or may not have to charge sales tax on fund raisers. Contact the county 4-H Youth Development Agent for more information.

### Dissolution Clause

- All 4-H entities need to include the following dissolution clause in their bylaws or guidelines:  
*Upon dissolution, this club's/group's assets including money and equipment, shall become the property of the County 4-H program for care and disposition and the club/group authorizes Colorado State University Extension and the county Extension agent full rights to access bank records, bank funds, and all other banking authority.*

### Discuss Money with Your 4-H Club or Group

- Members should vote on dues annually.
- Members should decide if fund raising is needed to have funds for their planned activities.
- Members should approve a budget.

### For More Information

- [www.colorado4h.org](http://www.colorado4h.org)
- 4-H National Headquarters (<http://www.national4-hheadquarters.gov/>) provides the national 4-H policies including the regulations regarding use of the 4-H Name and Emblem.

Developed by René L. Mehlberg, Winnebago County 4-H Youth Development Educator and Sue Pleskac, 4-H Volunteer Specialist, UW Extension. Adapted for Colorado 4-H with permission 11/14.

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# 4-H MONEY MATTERS FACT SHEET 2

## FINANCIAL ACCOUNTABILITY

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### 4-H Money = Public Funds

- A 4-H Charter is the only document that officially recognizes a 4-H Club or Group and authorizes their use of the 4-H Name and Emblem to conduct 4-H Youth Development programs.
- All money received by a 4-H Club or Group is public money because 4-H is a public organization.
- Federal regulations governing the continued use of the 4-H Name and Emblem require annual financial reporting and accountability.
- Funds raised in the name of 4-H must be publicly accountable and must be used for 4-H educational purposes.
- All moneys received from 4-H fund raising programs, except those necessary to pay reasonable expenses, must be expended to further the 4-H educational program.
- The 4-H treasurer is responsible to all members, volunteer leaders, 4-H Youth Development Agents, and the public.
- Colorado State University Extension has oversight for 4-H programmatic and financial accountability.

### Accountability for Colorado 4-H Funds

- The 4-H Name and Emblem are protected by federal law (1948: Public Law 772, protecting the 4-H Name and Emblem, giving it a higher order of protection than a trademark or copyright). The USDA, United States Department of Agriculture, is responsible for overseeing its proper use.
- At the state level, the Director of Extension and the State 4-H Youth Development Program Director are responsible for authorizing and monitoring the use of the 4-H Name and Emblem, including the charter and renewal process. This includes educational programs and financial accountability.
- At the county level, the 4-H Youth Development Agent is responsible for authorizing and monitoring the use of the 4-H Name and Emblem. This includes both educational programs and financial accountability.
- 4-H members and volunteers are permitted to use the 4-H Name and Emblem if they are part of a 4-H Club or Group that is officially chartered by CSU Extension 4-H Youth Development. Permission to use the 4-H Name and Emblem and 4-H Charters may be revoked at any time.
- Each 4-H Club and chartered Group is accountable to the CSU Extension 4-H Youth Development Program and the Colorado 4-H Foundation for its educational programs and finances. All 4-H Clubs and Groups are accountable to federal and state government and must follow IRS rules and guidelines. The Colorado 4-H Youth Development Policies provide the guidance to 4-H Clubs and Groups for this compliance.
- 4-H Clubs and Groups are nonprofit groups as provided through a General Exemption granted to the Colorado 4-H Foundation by the IRS.
  - The general exemption recognizes a group of organizations as federally tax exempt if they are affiliated with a central parent organization. This avoids the need for each organization to apply for exemption individually.
  - The Group Exemption Number (GEN) has the same effect as an individual organization but the subordinates of the parent organization do not have to file reports with the IRS separately.
- The 4-H Charter and Annual Renewal process identifies and acknowledges 4-H Clubs and Groups as subsidiaries of the Colorado 4-H Foundation and grants the rights and responsibilities of the nonprofit status to them.
- As a subsidiary, 4-H Clubs and chartered Groups are exempt from paying federal income tax on funds raised on behalf of 4-H to support youth educational programs. Donors may deduct contributions to 4-H Clubs and Groups as applicable under the IRS codes. This includes gifts, bequests, legacies, transfers, etc.

### Changes in the Colorado 4-H Youth Development Policies Financial Policies

- Since 1948, the USDA through 4-H National Headquarters held the GEN for 4-H. All chartered 4-H Clubs and affiliated 4-H organizations were considered subsidiaries.
- With the passage of the 2006 Pension Protection Act, the financial accountability for all charities and non-profits were called into question and the rules and regulations adjusted accordingly.
- In 2010, CSU Extension 4-H Youth Development was informed that the GEN held by the USDA through 4-H National Headquarters would be sunsetted. Each state was required to submit a plan for providing federal tax exempt status for their own 4-H Clubs and Groups that complied with federal and state laws.
- CSU Extension and the Colorado 4-H Foundation determined that the Foundation would apply for a GEN to cover Colorado 4-H Clubs and Groups.

- Changes in the Colorado 4-H Youth Development Policies/Financial Policies have occurred to ensure:
  - Safety and accountability for volunteers, members, and 4-H funds and assets.
  - Rules and regulations are in place to ensure the proper use of funds.
  - Programmatic and fiduciary responsibility required for the use of the 4-H Name and Emblem are in place.
  - Compliance with current federal and state laws for nonprofit, non- foundation status, financial accountability and General Exemption Number and IRS reporting.
  - Prevent 4-H Clubs and Groups from losing nonprofit status and accidentally become classified as a private foundation. The burden of proving the status of a nonprofit lies with the 4-H Club or Group.
  - If a 4-H Club or Group loses its nonprofit status or becomes classified as a private foundation, it will no longer be covered under the General Exemption Number for Colorado 4-H Clubs and Groups and will lose its 4-H Charter. It will not have the protections and support of the University. The 4-H Club or Group will not be able to use the 4-H Name and Emblem or function as a 4-H group.

**Responsibilities for 4-H Money**

Who	Responsibility	Accountable To
<b>4-H Club or Group Treasurer</b>	Proper handling of 4-H money including keeping accurate books and reporting to membership	4-H members
<b>4-H Volunteer Leader(s) with oversight for the 4-H Finances</b>	Ensure proper handling of 4-H money, support 4-H treasurer, complete annual financial reports, make sure Colorado 4-H Youth Development Financial Policies are implemented, follow state and federal laws in regard to handling 4-H money	4-H Club or Group and 4-H Youth Development Agent
<b>4-H Club, Board, Committee or Group</b>	Support treasurer and volunteers working with club or group finances; ensure all 4-H clubs and groups are in compliance with Colorado 4-H Youth Development Financial Policies; review and ensure that Annual Financial Reports are complete and accurate	4-H Youth Development Agent
<b>4-H Youth Development Agent</b>	Support and educate volunteers on 4-H financial practices; ensure all 4-H clubs and groups are in compliance with Colorado 4-H Youth Development Financial Policies; review and ensure that Annual Financial Reports are complete and accurate; complete 990 for groups as needed; complete reporting to the state on the 4-H Club and Group data	4-H Youth Development Program Director

**For More Information**

- 4-H National Headquarters (<http://www.national4-headquarters.gov/>) provides the national 4-H policies including the regulations regarding use of the 4-H Name and Emblem.
- [www.colorado4h.org](http://www.colorado4h.org)

Developed by Sue Pleskac, 4-H Youth Development Specialist, UW-Extension. Adapted with permission for Colorado 4-H, 11/14.

# 4-H MONEY MATTERS FACT SHEET 4

## 4-H FUND RAISING

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### Purpose of Fund Raising

Fund raisers should promote healthy youth development. In addition to raising funds, the project should be one in which 4-H members can have an educational experience and learn life skills. Fund raising should only be conducted to meet a specific goal established through broad input of a 4-H organization's membership. The need for fundraising should be identified through the 4-H Club or Group's annual budget development and approval process. Generally money raised during the course of the 4-H fiscal year should be spent that same year unless it is for a long term long range goal, such as the establishment of an endowment fund.

Fundraising for a long term objective must be for a specific youth development goal and requires a plan with specific steps. 4-H Clubs and Groups cannot hold excess funds beyond the defined limits.

### Guidelines for Fund Raising

- **All money raised using the 4-H Name and Emblem must be used for 4-H activities.** Because the funds are publicly accountable, they must be used to pay for educational programs, activities, workshops or supplies. Funds raised in the name of 4-H become the property of 4-H (4-H funds are not the property of individuals who may have helped raise the funds). Funds are not to be raised in the name of particular individual (member or leader). They must not be used for personal financial gain for any individual. Pocket money, personal items and souvenirs are not legitimate uses of money raised in the name of 4-H.
- At the 4-H Club or Group/Committee/Council level, members should approve the fund raising goal and the fund raising project being undertaken. Fund raising should not be the main focus of group activities nor exclude any individual from participating. 4-H Clubs and Groups are expected to support the financial needs of the total group and when possible, assist with participant costs with county, state, and national programs.
- To ensure safety for 4-H members and leaders, door-to-door solicitation is discouraged. Individual solicitation should be done with family and friends.
- All funds raised become part of the club's treasury and should be handled in accordance with the guidelines specified in the 4-H Club Treasurer Handbook. It is important to have accurate records of the funds raised.
- Check with local and state authorities on health, licensing, labeling, labor and tax laws.
- Fund raising must not be used to endorse, or imply endorsement, of a particular business or product.
- If a 4-H organization intends to raise funds in partnership with another organization, the purpose of the fundraising should be clearly communicated **at the time the fund raising is conducted**. For example, if a county horse project wants to raise funds to build a horse barn on the county fairgrounds, the fund raising information should clearly communicate the funds raised by the 4-H horse project will be donated to the county fair to provide funds to build a new horse barn on the fairgrounds.

### **Use of the 4-H Name and Emblem in Fund Raising**

There are rules about the use of the 4-H Name and Emblem in fund raising. The 4-H Youth Development Agent needs to review the fund raising plan prior to placing the 4-H Name and Emblem on a product for sale. The nature of the product, scope of the fund raising project and location of the vendor are all considerations in determining if approval can be granted at the local level, or if approval is needed on the state or national level. Information on using the 4-H Name and Emblem is located at:  
[http://www.national4-hheadquarters.gov/emblem/4h\\_name.htm](http://www.national4-hheadquarters.gov/emblem/4h_name.htm).

### **For More Information**

- 4-H National Headquarters (<http://www.national4-hheadquarters.gov/>) provides the national 4-H policies including the regulations regarding use of the 4-H Name and Emblem.
- [www.colorado4h.org](http://www.colorado4h.org)

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