



4-H MONEY MATTERS FACT SHEET 2

FINANCIAL ACCOUNTABILITY

April 2012

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 Educator, and the public.
- UW-Extension Cooperative Extension has oversight for 4-H programmatic and financial accountability.

Accountability for Wisconsin 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 Cooperative 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 Educator 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 UW-Extension Cooperative 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 University of Wisconsin-Extension Cooperative Extension 4-H Youth Development Program 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 Wisconsin 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 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 UW-Extension Cooperative Extension Wisconsin 4-H Youth Development 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 Wisconsin 4-H Youth Development Policies Financial Policies

- Since 1948, 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, University of Wisconsin-Extension Cooperative Extension 4-H Youth Development was informed that the GEN 2704 held by USDA through 4-H National Headquarters would be sunsetted. Each state was required to submit a plan for providing the federal tax exempt status for their own 4-H Clubs and Groups that complied with federal and state laws.
- University of Wisconsin-Extension Cooperative Extension has applied for a GEN to cover Wisconsin 4-H Clubs and Groups.

- Changes in the Wisconsin 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 Wisconsin 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 and function as a 4-H group.

Responsibilities for 4-H Money

Who	Responsibility	Accountable To
4-H Club or Group Treasurer	Proper handling of 4-H money including keeping accurate books and reporting to membership	4-H members
4-H Volunteer Leader(s) with oversight for the 4-H Finances	Ensure proper handling of 4-H money, support 4-H treasurer, complete annual financial report, make sure WI 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 Educator
4-H Club, Board, Committee or Group	Support treasurer and volunteers working with club or group finances; ensure all 4-H clubs and groups are in compliance with WI 4-H Youth Development Financial Policies; review and ensure that Annual Financial Reports are complete and accurate	4-H Youth Development Educator
4-H Youth Development Educator	Support and educate volunteers on 4-H financial practices; ensure all 4-H clubs and groups are in compliance with WI 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 Collection Site	4-H Youth Development Program Director

For More Information

- [Wisconsin 4-H Youth Development Policies](http://www.uwex.edu/ces/4h/resources/policies/index.cfm) These include the financial policies. (http://www.uwex.edu/ces/4h/resources/policies/index.cfm)
- [Money Matters Website](http://www.uwex.edu/ces/4h/clubs/money.cfm) (http://www.uwex.edu/ces/4h/clubs/money.cfm) Includes tools to assist in handling 4-H money.
- 4-H Club Teaching Materials <http://www.uwex.edu/ces/4h/clubs/meetings.cfm>
- [Financial Management Website](http://www.uwex.edu/ces/4h/resources/mgt/financial.cfm) (http://www.uwex.edu/ces/4h/resources/mgt/financial.cfm)
- [4-H National Headquarters](http://www.national4-hheadquarters.gov/) (http://www.national4-hheadquarters.gov/) provides the national 4-H policies including the regulations regarding use of the 4-H Name and Emblem.

Additional [4-H Money Matters Fact Sheets](http://www.uwex.edu/ces/4h/clubs/money.cfm) (http://www.uwex.edu/ces/4h/clubs/money.cfm)

- 4-H Money Matters Fact Sheet 1: 4-H Money Basics
- 4-H Money Matters Fact Sheet 3: Managing 4-H Money
- 4-H Money Matters Fact Sheet 4: Fund Raising
- 4-H Money Matters Fact Sheet 5: Audits for 4-H Clubs and Groups
- 4-H Money Matters Fact Sheet 6: Annual Financial Report
- 4-H Money Matters Fact Sheet 7: Excess Funds and 5-Year Plans

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