4-H Leader’s Guide to Handling Funds in the 4-H Youth Development Program
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TO THE 4-H TREASURER:

Your 4-H club/unit has given you an important job—handling the group's money.

You will be expected to:
- Work with your group to make a prediction of how much money they will spend and raise this year.
- Receive all money for the group.
- Keep a record in your Treasurer's Book of all money received.
- Deposit the money in the group's account in a local bank as soon as possible.
- Pay for things the members have approved.
- Report regularly at group meetings about the money they have made and spent.

To do your job, you will need to know how to:
- Write a budget.
- Receive money.
- Write a check.
- Balance a bank statement.
- Prepare reports.
- Prepare for the annual peer review.

You will also need to attend county training sessions.

The purpose of this manual is to show you how to do your job. Whether you are the first Treasurer for your group or are taking over from someone else, these instructions will help you be successful in your new job. You will need to have a set way of recording and paying for things so anyone will be able to understand what you are doing and be confident with your work.

Section 1 will prepare you to do the Treasurer's job. You will put together a bookkeeping system, set up your bank account, and obtain an EIN (Employee Identification Number) from the IRS. In Section 2, you will prepare a budget. Section 3 shows you how to receive money and Section 4 shows you how to spend it. Section 5 teaches you to prepare monthly and yearly reports. Section 6 shows you how to close your records for the year and prepare for a peer review.
Section 1. Framework

What you will do in this section:
- Prepare your recording system.
- Establish or update bank accounts and signature cards.
- Obtain an EIN Number from the IRS.

Beginning

When you begin you may be the first Treasurer or others may have preceded you. If you are the first, your group will need to get a bank account and an EIN number. If you are taking over from a previous Treasurer, you will need to change the signature cards at the bank and review last year’s Treasurer records. Meet with the former Treasurer, or if there is not one, a Treasurer from another county group or your group leaders, to find out how the bookkeeping records have been kept.

Preparing Your Recording System

You can use any sort of system that works best for you: paper, Excel®, Word®, Quicken®, MYOB®, Simple Accounting®, etc. Be consistent and use the same system all year. No matter what system you use, consider using paper first so you can organize everything you will use during the year.

The records should include at least the following:
1. List of Accounts. A list of the different types of expenses and revenues. For instance, you might have an account for clothing purchases (hats, T-shirts, etc.), and another for program fees, fundraising income, and expenses, etc. If you always use the same account name each time, it will make your end-of-the-month work much easier. You can use your budget to help make this list. Each item in the budget should be listed. For example, for fundraisers, both an expense and income account should be set up.

2. Group Ledger. Where you record what money is paid to you and any expenses you have paid (Figure 1). The ledger should include an entry for anything you enter in your checkbook, including payments, deposits, and fees, each month. The information should include:
   - The date
   - Check or receipt #
   - Who was paid (payee) or who paid you money (payer)
   - Description or purpose
   - Account name (from list of accounts)
   - Amount received (income)
   - Amount spent (expense)
   - Balance

The check register and the ledger will match unless money is received and paid outside of your bank account. Receiving and paying money outside of your bank account is not a good idea, as it is very easy to lose track of the money. More detail should be provided in the group and project ledgers than in the check register on how the money was spent or how money was earned.

3. Project Ledgers. Additional ledgers for large projects and fundraising events. The purpose is to help keep track of larger, less routine projects or fundraising activities. Keeping track of these items separately will make it easier to tell if they made a profit or cost the group money. The project ledger should look the same as the club/unit ledger (Figure 1), but with the name of the project on it. The project ledger should have all of the detailed items listed on it. When these items are listed on the group ledger, they can be summa-
4. **Check Register.** The book the bank gives you to keep track of the checks you write. Electronic bookkeeping note: When you use electronic books, the check register becomes your only record of entry and it represents your group ledger.

5. **Checks.** Issued by your bank. Keep these locked in a safe place until you need them. Do not give them to someone who is not authorized to sign a check. Keep blank checks in a safe place. Only give them to a person authorized to sign the checks after they are filled out and ready for his or her signature. Only use checks that have printed numbers on them.

6. **A Bank Stamp.** Ask your bank for one. It is useful when making deposits. Find out first what the stamp costs. You will need to include its cost in the budget. If you only deposit a few checks a month, you may not need one.

7. **Date Stamp.** May be needed to date bills. This can also be done by hand.

8. **A Receipt Book.** Can be purchased at any stationary or office supply store.

9. **Cash Box.** If you are planning to have activities that will require a change fund, have the club/unit authorize you to buy a cash box with a lock. Keep your records in a safe place where they cannot be damaged or lost. Keep all your records together.

**Bank Accounts and Signature Cards**

Each 4-H group should have only one checking account and one savings account.

4-H checking accounts must have a minimum of two members, not in the same family, with authority to sign checks. Whether your group is opening its first account or you are taking over for last year’s Treasurer, you will need to get a new bank signature card. Ideally, the youth Treasurer should be one of the signors. However, many banks do not allow youth to sign checks. If this is the case with your bank, the account will need

---

**Figure 1. Sample Group Ledger.**

<table>
<thead>
<tr>
<th>Date</th>
<th>Check or Receipt Number</th>
<th>Name of person paid or received from Payee/Payer</th>
<th>What was the money used for or how the money was earned Description</th>
<th>Account Name</th>
<th>Amount of Income (Received)</th>
<th>Amount of Expense (Spent)</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/30/15</td>
<td></td>
<td>Beginning Balance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$250 00</td>
</tr>
<tr>
<td>12/5/15</td>
<td>2001</td>
<td>Mrs. Smith</td>
<td>Holiday Party Decorations</td>
<td>Parties</td>
<td>-$35 47</td>
<td>$214 53</td>
<td></td>
</tr>
<tr>
<td>12/15/15</td>
<td>125</td>
<td>John Jones</td>
<td>Purchased Club Jacket</td>
<td>Jackets</td>
<td>$55 28</td>
<td>$269 81</td>
<td></td>
</tr>
</tbody>
</table>

Additional columns can be added for each project or activity. This can also be set up in a simple spreadsheet.
two adult leaders to sign. These two adults cannot be related to each other and at least one adult must not be related to the Treasurer. You should still sign checks when you write them (either below or alongside the signature line), but you will need someone on the signature card to sign also.

To change, add, or delete signors, some banks require a letter from the President and adult group leader, on club/unit letterhead and a copy of the meeting minutes stating who is authorized to sign.

Send a copy of your group's signature card to your county 4-H Extension staff. Always keep a copy of your signature card with your records.

**IRS Tax ID Number**

The Internal Revenue Service (IRS) requires 4-H units to have an EIN identification number. Reporting to the IRS is explained at the end of this publication. Be sure your group has an EIN and it has been reported to the county 4-H staff. Check with your adult leader to see if your group already has one. Directions for getting a number can be found at www.irs.gov (Form SS-4). You will need the 4-H Group Exemption Number (GEN) to complete this form. This number is 5967. The IRS has determined that 4-H is a 501(c)3 organization.

**Number of Signatures**

4-H clubs/units must require two signatures on a check. This is an important cross-check on the bookkeeping system and helps give credibility to the accounting for funds. The downside is that banks, in general, do not check for two signatures on a check. However, the ‘two signature’ check policy must be adhered to during the peer review process.
Section 2.  Getting Started for the Year

What you will do in this section:
- Prepare a budget for the year.

Preparing a Budget

Each year your group will need to present a plan of what it wants to do and how it wants to do it. This may include plans for a food booth at the county fair, carwash, send kids to camp, send your teen group officers to State Conference, or any of the many activities in which they are involved. The plan will show how much each activity will cost and how members will raise the money to pay for it. Your job will be to write a report that lists estimates of both the costs and the money raised. This plan is called a BUDGET.

A budget will be the foundation of what the group will do this year. It must include:

1. The budget results from last year (this information will be on last year’s financial statement).
   - How much you made (Income or Revenue).
   - How much you spent (Expense).
   - How much money you had left.

2. The plan for this year:
   - A list of this year’s fundraising activities.
   - How much money each activity is expected to generate.
   - How much you will expect to be spending on the fundraiser, such as buying equipment, food, signs, etc.
   - The cost of other items that will be purchased for your group.

Writing a Budget

1. Make a worksheet on paper or on the computer. It should have columns for:
   - Estimated fundraiser money.
   - Estimated other income, like contributions and interest from savings.
   - Subtotal of money earned.
   - Estimated operating expenses (refreshments, plates, cups, etc.).
   - Estimated fees to be paid (program fees, camp, projects, bank fees, etc.).
   - Estimated expenses for the fundraisers.
   - Subtotal of expenses.
   - Subtract the expenses from the income. For a budget to be balanced, this should be zero.

2. Write your beginning balance of cash. This will include what you have in your checking and savings accounts.

3. Add the amount of money you plan to receive this year and show where the money will come from. That would include your fundraisers, project fees, any contributions you know will be coming in and interest income. Planning suggestions can be found in Section 3.

   If you don’t know what to estimate, look at what was recorded at the end of last year. That is a good place to start.

4. List the different things you will be spending money on and what each will cost. These will include fees to camp, purchases, food, etc. Subtract the expenses from the income. The difference will show if you have planned to spend too much or if there will be money left at the year’s end.

The 4-H program is an educational program and does not recommend a group maintain more money than it needs to operate from year to year. Your club/unit should not keep more money than was spent on expenses last year, unless you know of a future major expense for which you are saving.
5. Your membership and leaders must approve the budget at the beginning of the club/unit year.

6. Include a column to show what you planned and what the actual amount is when you know for sure.

**Figure 2. Sample Budget.**

<table>
<thead>
<tr>
<th>Item</th>
<th>Expense</th>
<th>Income</th>
<th>Totals</th>
<th>Balance</th>
<th>Actual*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car Wash</td>
<td></td>
<td>$200.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raffle</td>
<td></td>
<td>$225.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Show Event</td>
<td></td>
<td>$75.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales of Goods Event</td>
<td></td>
<td>$450.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant for Local Sponsor</td>
<td></td>
<td>$200.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stadium Cleanup</td>
<td></td>
<td>$100.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christmas Wreath Sale</td>
<td></td>
<td>$270.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td></td>
<td>$1520.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pins and Awards</td>
<td>-$80.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Award Banquet</td>
<td>-$110.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarships to Teen Conference</td>
<td>-$320.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publications</td>
<td>-$40.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christmas Party</td>
<td>-$120.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Club/Unit Shirts and Jackets</td>
<td>-$475.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Equipment</td>
<td>-$200.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meeting Room Rental</td>
<td>-$100.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newsletter</td>
<td>-$75.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td></td>
<td>-$1520.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Budget out of Balance Amount</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$00.00</td>
</tr>
</tbody>
</table>

* The actual column is completed as the year proceeds. It helps determine if you are on track with your budget and is a great help in figuring next year's budget.

** A negative balance can be balanced with funds that may be available from last year.
Section 3. Income and Fundraising

What you will do in this section:
- Learn how to receive cash and other payments.
- Learn how to deposit and record money.
- Learn what you can and cannot accept as a gift.

Introduction

As Treasurer, you will receive any payments made to your club or group. The payment could be for camp or project expenses, T-shirts, or any number of other charges. Also, during a fundraising event, you may be asked to be cashier, receiving payments for whatever your group may be selling. You may even receive money from another member who ran a group-sponsored fundraiser you did not attend. Whatever the reason, you must always follow these rules:

1. If you are receiving cash, have a cash box you can lock.
2. Keep cash where it cannot be easily stolen.
3. Write a receipt to the person paying you.
4. Never leave cash without someone trustworthy watching it.
5. As soon as possible, deposit the money in the club/unit bank account.

Receiving Money

1. Keep a cash box in which to lock your money and receipts. If payment is received by check, make sure the check is complete. It should be made payable to your 4-H group. It must include the amount, date, and signature of the person paying. Issue a receipt. Use your bank stamp for the back of the check to endorse the check or endorse the check by hand (see Figure 3). This will ensure the money can only be deposited in your 4-H group account. The 4-H group account must be separate from any personal account.

2. If you are receiving cash, keep it in a safe place. It is very easy to misplace money or have it stolen. Remember, this is not your money. It belongs to your 4-H group and you are responsible for keeping it safe. Count the money received so that the person paying you can see you count it. If change is needed, count it out as you give it to the person.

3. Issue a receipt for money paid you. A numbered cash receipt book is always best. Keep the copy of the receipt for your own records. All receipts must be accounted for. If you make a mistake on a receipt, mark it VOID and keep the original and copy for your records.

4. Sometimes, like during a fundraiser, a receipt is not always possible. When that happens, record the total amount received for the day on one receipt. Have an adult leader recount your money with you watching. When you have both verified the amount, have the adult sign your receipt. Keep the signed receipt with your records.

Depositing and Recording Money

Deposit money as soon as possible. The best practice is to deposit daily or the next day the bank is open. You will need to complete a deposit slip each time you take money to the bank.

1. Filling Out a Deposit Slip (see Figure 4).
   - Date the slip.
   - Fill in the amount of currency (bills) and coins deposited.
Figure 3. Sample Check.

<table>
<thead>
<tr>
<th>Name &amp; address of 4-H club/unit account holder preprinted on check</th>
<th>Preprinted check number</th>
<th>Code number of bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name Address</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay To The Order Of</td>
<td>Date check written</td>
<td>No. 102</td>
</tr>
<tr>
<td>Order Of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To Whom the Check is payable (‘payee’)</td>
<td>Date ______ 20 ______</td>
<td>5-13/110</td>
</tr>
<tr>
<td>Verbal Form of Check Amount</td>
<td>$ Amount of Check</td>
<td></td>
</tr>
<tr>
<td>First Universal Bank</td>
<td>Signature of person writing check (‘drawer’)</td>
<td></td>
</tr>
<tr>
<td>San Gabriel, Washington</td>
<td></td>
<td></td>
</tr>
<tr>
<td>: 122000661 :</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank number Account number Preprinted check number</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank ordered to pay (‘drawee’)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Back side of check with handwritten endorsement.

Back side of check with stamp endorsement.
• List each check’s bank code number (see Figure 3) and its amount separately. Enter the totals as indicated on the deposit slip. If you have a lot of checks, you will need to list them on the back of the deposit slip.
• Total the checks and make sure your total is what you wrote on the deposit slip.
• Stamp the back of each check with your bank stamp. When you do this, you are “endorsing” the check. If you do not have a stamp, have an authorized person sign the back of the check and write “For Deposit Only” (see Figure 3 for a sample endorsement).
• Complete a duplicate deposit slip for your records and keep it with the receipt the bank will issue you (you may staple the two together). The duplicate should be kept with your records for the month. You will want to verify that the deposit amount shows up on your next bank statement.

2. Recording Your Deposit.
You have now received money, written a receipt, and deposited the money in the bank. You will now want to record what you have done.
• Record the amount of your deposit in your check register. Include the date, description of the deposit, and the amount. Add the deposit to your current bank balance.
• Record the deposit in your ledger. Whether you are using paper or an electronic system, you will always need to record the same information in your group ledger that you put in the check register. If the money was received for one of your large Project Accounts, make sure you record it in both the Project Account and your ledger. (See also “Completing your Ledger,” located at the end of Section 4.)
• Programs like Quicken® or Simple Accounting® work as an electronic check register. They are very good at helping you keep track of what you are doing. However, you will still need to use the paper check register. This way you will always have a copy of your bank transactions.

Fundraising Do’s and Don’ts
Keep fundraising to a minimum. Raise money only for specific educational purposes. Remember, 4-H is an educational program. Don’t let fundraising become so important that it gets in the way of learning, doing, and having fun!
1. Some Ideas for Raising Funds:
   - Run a refreshment stand at fairs or other events.
   - Amateur entertainment festivals—community square dances, plays, skits, pageants, musicals, skating parties, and other forms of recreation enjoyed in the community.
   - Rake leaves, mow lawns, or provide other services.
   - Walk-a-thons or bike-a-thons.
   - Recycling drives for aluminum or newspapers.

2. Some Limitations to Fundraising:
   - Never use the 4-H name or emblem in connection with sales of a commercial product. For example, it is okay to sell candy bars as a fundraiser, but it is not okay to say that these are 4-H candy bars. The National 4-H Council may allow some companies to use the 4-H logo on their product, but this cannot be done at a local level.
   - Do not canvas door-to-door for donations. It is generally ineffective and it can be dangerous.
   - Funds raised by a 4-H club or group must include careful record keeping and be used only to support the 4-H program directly.
   - Give people something for their money or sell them on the merits of 4-H as an educational program.
   - Games of chance such as raffles and bingo-type games may require a permit or license. Contact the Washington State Gaming Commission for information at www.wsgc.wa.gov.
   - Always use accepted fundraising procedures for specific projects and tell the public how the money will be used.
   - Any time your 4-H club/unit plans to be doing a fundraising event, your 4-H staff needs to be notified in advance.

Accepting Gifts

Gifts donated to your group must be taken care of by your group. Money and property are considered gifts if they are given to the group as charitable donations. The person giving you the money (the donor) may say how the funds are to be spent. If this is the case, you must spend the funds as the donor said. If the donor indicates how the funds should be spent, you will need to get a signed statement explaining how the funds will be spent.

Record money gifts in your ledger and report them in your Annual Report. Some gifts present special problems, such as animals, guns, and explosives, and you will need help with these. If you have questions about a gift, ask someone on your county 4-H staff.
Section 4.  Spending Money

What you will do in this section:
• Learn to write a check and complete the bank register.
• Learn how to show what you paid for.
• Learn to complete your accounting records.

Introduction

The next thing you need to do is pay for your group’s expenses. Your group must authorize anything you pay. If the expense was included in the budget, you are authorized to pay up to the amount planned. The project leaders should approve project and fundraising expenses before you pay. If the expense is not in the budget, you will have to get approval from the group at your next meeting before you pay the expense.

A simple rule to remember when you are paying for anything is to always know the 5 W’s.
• Who am I paying?
• What is the amount?
• When did I pay it?
• Why did I pay it?
• Where did the money come from (which account)?

How To Write a Check and Complete a Bank Register

1. You must use a check any time you spend the group’s money and record the check in the check register (a sample check is shown in Figure 3). Anything you pay for should be based on something you budgeted for already. If it is not, you will need approval from your group leadership. A sample check register is shown in Figure 5.

2. To make a payment, you will need a receipt (bill or statement) from the person you are paying.

3. Do not pay for something if you don’t have money in your checking account.

4. Never have someone related to you sign a check you have signed.

5. Proving what you paid for: Expenses. On the receipt or bill you are paying:
• Write the check number.
• The reason you paid the bill.
• Who you paid.
• How much you paid.
• The date you paid. This is where you could use your date stamp.
• Write or stamp PAID on the bill.

Figure 5. Sample Check Register.

<table>
<thead>
<tr>
<th>Check Number</th>
<th>Date</th>
<th>Transaction Description</th>
<th>Checks/Withdrawals Fees/Debit (-)</th>
<th>Deposit/Interest Credit (+)</th>
<th>Available Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>9/7</td>
<td>Opening balance</td>
<td></td>
<td></td>
<td>$250.00</td>
</tr>
<tr>
<td></td>
<td>9/14</td>
<td>Purchase training books</td>
<td>$25.50</td>
<td></td>
<td>224.50</td>
</tr>
<tr>
<td>102</td>
<td>10/2</td>
<td>Sept. statement charges</td>
<td>3.50</td>
<td></td>
<td>221.50</td>
</tr>
<tr>
<td></td>
<td>10/7</td>
<td>Meeting room rental</td>
<td>15.00</td>
<td></td>
<td>206.50</td>
</tr>
<tr>
<td>10/20</td>
<td></td>
<td>Car wash income</td>
<td></td>
<td>$75.00</td>
<td>281.50</td>
</tr>
</tbody>
</table>
Do not sign a check until you have the bill in front of you.

Separate the bills you pay by month. You will need them when you reconcile your accounts at the end of the month.

**Property**

Sometimes your club/unit will buy something it plans to use more than once. For instance, you might be asked to pay for equipment for an animal project or tools for another project. You may be responsible for keeping a record of these things. These things are called “Property” and your list of them is called an “Inventory List.” If your group has an Equipment Manager, that person would be responsible for keeping the list of equipment.

**An inventory list should include:**

a. The name of the item
b. Date purchased
c. Amount paid
d. Where it is kept (such as the name and address of the member storing it)

When you sell the property, record the amount you sold it for and when you sold it. It is a good idea to add a note saying why the item was sold. Any cash received should be deposited and recorded in your check register.

**Completing Your Ledger**

Whenever you pay for something or receive money, you will need to make a record in your ledger. It gives you a place to keep a record of what you spent and what you have received and should be considered the major record keeping place for your group.

1. Enter everything into your Group Ledger that you have entered in your check register.
2. Total your expenses (money spent) and income (money received).
3. Complete your separate Project Ledgers.
4. Write the totals from your Project Ledgers into your Group Ledger, both income and expenses as separate items.
5. Enter any bank fees.
6. Compare your Group Ledger with your check register and the receipts and bills to make sure you have all your records. This is called Reconciliation.
7. Be sure you don’t enter any item twice.

A ledger can take many forms. You can purchase one at an office supply store or use computer software for one (spread sheet or accounting program). It must include the minimum information listed in Figure 1.

---

**Figure 6. Sample Property Inventory List.**

<table>
<thead>
<tr>
<th>Name of Item</th>
<th>Date of Purchase</th>
<th>Amount Paid</th>
<th>Where Stored</th>
<th>Date Sold or Disposed of</th>
<th>Amount Sold for</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training Manuals</td>
<td>3/15/2015</td>
<td>$125.00</td>
<td>Mrs. Smith’s home</td>
<td>1/15/2016</td>
<td>No value</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Out of date</td>
<td></td>
</tr>
<tr>
<td>Chairs</td>
<td>5/20/2015</td>
<td>$200.00</td>
<td>Club/group meeting</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

14
Section 5. Reporting to Your Group

What you will do in this section:
• Reconcile your bank account.
• Prepare a monthly report.
• Prepare an inventory report.
• Prepare the annual report.
• Prepare a tax return.

What To Do Monthly

You will need to do a little more work before you go to your next club/unit meeting.

1. **Reconcile Your Bank Account.**
   Each month the bank will send you a record of what you spent and what you deposited. This is called a “Bank Statement.” You need to look at your records for the month and make sure they agree with what the bank says. When you do this, you are “reconciling” your bank account.

   The statement will show all the checks and deposits that have “cleared” during the month. A cleared check is one you wrote, the bank has received, recorded, and charged your account for. If you write checks all month, it is possible you will not see all your checks. As part of the reconciliation, you will need to make a record of these “outstanding” checks, that is, ones that have not yet cleared.

   a. Compare each item on the bank statement with your check register. Make sure the amount on your check matches what the bank charged. Make a check mark in the check register to show that you have verified the two amounts match.
   
   b. Compare each deposit and make sure each matches between your check register and the bank statement.
   
   c. If the bank charged you any fees, write the fee into your check register and subtract the fee from your balance.
   
   d. Look at your check register. You should now have all the checks and deposits listed in the bank statement checked. Some checks and deposits may not be checked.
   
   e. Total the checks you did not check.
   
   f. Total the deposits that you have not checked.
   
   g. On your bank statement you should find an amount that shows your remaining balance in the bank. Write that down.
   
   h. Add your unchecked deposit total to the balance (Item f.)
   
   i. Subtract the unchecked check total from the total above (Item e.)
   
   j. The difference should match your bank register balance.

   If the balance is different, you need to first go back and check your math. Then check your other work. If you still have a difference that you cannot figure out, talk to your adult leader for assistance. If you still cannot balance your statement, call your bank and ask them for help.

   When you are finished reconciling, have another group leader check your work for accuracy. **Hint: On the back of most bank statements is a work sheet to use in reconciling your account.**

2. **Prepare a Monthly Report for Your Group.**
   Each month, you will need to tell your club/unit what they spent and how much money they have. A sample report can be seen in Figure 7. Show what you budgeted
for the month for expense and income as well as what actually happened.

Here are some 4-H reporting tips:
- Ask your members and leaders what they would like to know. For instance, if you have several payments for program fees, do they want a report listing everyone or just the total?
- Look at the reports made by the last treasurer. Are there areas you could improve?
- If you only report totals, remember to always be prepared to show all the paperwork you have to support what you reported.

Figure 7. Sample Monthly Financial Report.

<table>
<thead>
<tr>
<th>Account list name</th>
<th>Description</th>
<th>Expense (-)</th>
<th>Income (+)</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raffle</td>
<td>Income from tickets</td>
<td>$250.00</td>
<td>$225.00</td>
<td>$225.00</td>
</tr>
<tr>
<td>Event Income</td>
<td>Entrance fees for show</td>
<td>$75.00</td>
<td>$75.00</td>
<td>$75.00</td>
</tr>
</tbody>
</table>

**Total Income this Month** $325.00

<table>
<thead>
<tr>
<th>Account list name</th>
<th>Description</th>
<th>Expense (-)</th>
<th>Income (+)</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newsletter</td>
<td>Envelopes for mailing</td>
<td>-$5.45</td>
<td>$75.00</td>
<td>$75.00</td>
</tr>
<tr>
<td>Newsletter</td>
<td>Stamps</td>
<td>-$11.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raffle</td>
<td>Cost to print tickets</td>
<td>-$40.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Show Event</td>
<td>Building rental for show</td>
<td>-$50.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Expenses this Month** -$106.55

**Ending Balance 1/31/2015** $563.60

The monthly report will normally have more detail than the annual report. An example is the listing of envelopes and stamps separately on the monthly report, showing the cost of both.
Section 6.   Finishing for the Year

What you will do in this section:
- Learn to prepare an inventory report.
- Learn to prepare your annual report.
- Learn to file with the IRS.
- Learn what to do for the peer review.
- Prepare to turn your records over to the next Treasurer.

What To Do at the End of the Year

You are almost finished for the year, but first you need to tell your group how they did with their money this year. The reports you will make here will tell them what they owe, or how much money they made, and how good a budgeting job they did. After that, you can show your Peer Review Committee how good a job you did, too.

1. Prepare an Inventory Report.
   - Remember, when you bought something, you should have already put it on your list. The list should show:
     - What it is
     - What it cost
     - Where it is kept
   - You should have last year’s report, too. Do you still have everything that is on the list? If no, write down what you did with it. If you were paid something for it, write that down, too.
   - Give a copy of the report to your club/unit. Keep the original for your own records.

   The annual report sums up what you did for the year. You can use the format of the example in Figure 8. Before you write it up, check your work.
   - First, take all your bills for the year and total them. These are your total expenses.
   - Total all your deposits. Remember, you should have deposited any money you accepted for the club/unit. That will be your total income.
   - Add the beginning balance from last year to your income.
   - Now subtract your expenses.
   - The remaining total should equal what you show for your last monthly report.
   Give a copy of your report to the group. Keep the original with your records. This report will be needed for your peer review.

3. Prepare a Tax Return.
   The Internal Revenue Service requires any organization such as your club/unit (if you want to maintain your tax exempt status) to file an annual tax report. If your 4-H club/unit receives income of $50,000 or more annually, you must file an IRS Form 990. If your 4-H club/unit total receipts are less than $25,000 annually, you must file IRS Form 990N. These forms and instructions are available online at www.irs.gov. A copy of the final 990 must be provided to the county 4-H office. You will need help to complete the IRS 990 form the first time. It must be filed with the IRS within a few months after the end of the 4-H year (your financial year). If you have any questions, talk to your county 4-H staff.

   At the end of the year, complete the annual report to WSU, as shown in Figure 10. You will need the information you have gathered for your other reports and your Peer Review. The chair of the Peer Review Committee must sign this report. It will help
Several items cost more than was budgeted; these items require the passage of a motion to authorize their payment. The Peer Review Committee must see copies of the minutes that have these motions in them. Also, expenses were not budgeted for the fundraisers. This is an improvement that can be made next year.

Figure 8. Sample Annual Financial Report.

### Annual Financial Report—4-H Club/unit “Name”

[Table]

<table>
<thead>
<tr>
<th>Account list name</th>
<th>Description</th>
<th>Expense (-)</th>
<th>Income (+)</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car Wash</td>
<td>Car Wash at high school</td>
<td>$175.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raffle</td>
<td>Income from tickets</td>
<td>$250.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Event Income</td>
<td>Entrance fees for show</td>
<td>$75.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of Goods Event</td>
<td>Garage Sale</td>
<td>$460.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant—local sponsor</td>
<td>Johnny’s Market, for equipment</td>
<td>$200.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stadium cleanup</td>
<td>Local baseball field cleanup</td>
<td>$100.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Income</td>
<td></td>
<td></td>
<td>$1260.00</td>
<td></td>
</tr>
<tr>
<td>Pins and Awards</td>
<td>Pins and awards for all shows</td>
<td>-$70.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awards Banquet</td>
<td>Food, paper plates</td>
<td>-$165.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publications</td>
<td>Training manuals</td>
<td>-$35.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christmas Party</td>
<td>Decorations, drinks, room rental</td>
<td>-$115.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Club shirts and jackets</td>
<td>Jackets only</td>
<td>-$500.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project equipment</td>
<td>New cages</td>
<td>-$200.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meeting room rental</td>
<td>Local bank meeting room</td>
<td>-$100.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newsletter</td>
<td>Stamps, envelopes, paper, ink</td>
<td>-$65.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raffle</td>
<td>Cost to print tickets</td>
<td>-$40.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Show event</td>
<td>Building rental for show</td>
<td>-$50.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td></td>
<td></td>
<td>-$1340.00</td>
<td></td>
</tr>
<tr>
<td>Ending Balance</td>
<td></td>
<td></td>
<td>$149.00</td>
<td></td>
</tr>
</tbody>
</table>
you greatly to have it completed and ready before your peer review is scheduled.

5. Your Peer Review.
At the end of the year, you will need to have someone look at your work to see where you did well and what you could improve. Your group will want to ask some people who are not related to you to perform what is called a peer review. Your peers are your group members and adult leaders.

The review committee should be comprised of two adult volunteers and two group members. Committee members should not include the Treasurer, relatives of the Treasurer, or anyone who has authority to sign checks. If the group is too small to meet this requirement, talk to your county 4-H staff or ask for assistance from another club/unit in the county.

What the Peer Review will do:
• Check each month’s reconciled bank statement and canceled checks. If the Treasurer found differences during the month, ask what was done to make corrections. Verify that two authorized members or volunteers signed all checks. Verify that someone not related to the Treasurer signed any reimbursements to the Treasurer.
• Check the ledger postings and make sure the entries are complete and current. Compare some of the ledger postings with checks, bills, and deposits. If any discrepancies are found, ask the Treasurer to explain.
• Examine all voided checks. If a voided check is not on file, verify the check has not cleared the bank by examining the bank statement to see if the voided check number is listed.
• Total all money (cash and checks) received. If receipts were written, verify they are in numerical sequence and all funds are listed on the ledger.
• Total all deposits made to the bank account. The total should equal the total of all funds received as recorded in the ledger and Monthly Treasurer’s Reports, unless the Treasurer’s Ledger Report shows some funds were retained as petty cash.
• Total all money spent. Verify that a written bill or receipt is on file for each expense. Verify that all expenses were paid by check and not in cash.
• Look at the Annual Financial Report. Verify that the expense and deposit amounts listed agree with the amounts in the Treasurer’s Ledger Reports, the totals in the check register, and the bank statements.
• Verify that the Treasurer’s total balance at the beginning of the year (bank balance plus petty cash), plus all funds received, minus all expenditures, equals the Treasurer’s total balance at the end of the year (bank balance plus petty cash). Make sure that the Treasurer filed a tax report (Form 990) with the IRS.
• Examine the unit inventory sheet and be sure a letter or receipt is on file for each gift received, documenting the donor, date received, and value. The unit must inventory all items that can be used in the following year, including such things as flags, shearing equipment, etc.
• The Peer Review Committee must make a report of their findings to the group, to county 4-H staff.
• The form in Appendix A should be used as an outline to conduct the peer review.

6. Prepare To Hand Your Records to the Next Treasurer.
Your work is almost finished. Now you need to get ready for next year. You might be continuing as Treasurer or you may be handing your work to a new person. You should have all your paperwork, reports, checkbook, register, and anything else you used during the year to do your job. You should also have the records from the previous year. If you used an electronic system, make a copy of the files on a disk or CD. If you can, you might also consider emailing the files to the new Treasurer.
Show the new Treasurer what you did, what you learned, and what you wish you could have done better. Talk to the Treasurer about the audit report you received on your work. 4-H is a leadership program as well as an educational program. This is your chance to lead the new Treasurer into the next year.

Figure 9. Sample Peer Review Committee Report.

Peer Review Committee Report for Group “Name”
October 1, 2014 through September 30, 2015

(What the committee did and found)
The Peer Review Committee reviewed the annual financial report, the monthly reports, the check register, the club/unit ledger, the bank statements, and checks. The committee also reviewed the budget and the resolutions passed by the club/unit to determine if the treasurer was authorized to spend the fund.

The funds were found to be in balance and correctly accounted for. The ending balance as of September 30, 2015 is $149.00.

(Recommendations for future improvements)
The committee suggests that the club/unit use some type of computerized bookkeeping. A simple spreadsheet would make the job easier both for the Treasurer and the Peer Review Committee.

Some fundraisers had expenses that were not budgeted. This needs to be taken care of in next year’s budget. The budget could also be amended to include these items.

(Signatures and dates of the committee members)

<table>
<thead>
<tr>
<th>Signature one</th>
<th>Date</th>
<th>Signature two</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature three</td>
<td>Date</td>
<td>Signature four</td>
<td>Date</td>
</tr>
</tbody>
</table>
Section 7.  Dissolving a Group

When a group ceases to exist, there are special IRS rules that must be followed. Some of the things that you cannot do are give the money to members or have a big party. The IRS says your money must be transferred to a like organization (a 501 (c) (3)). This would be your County 4-H Leader Council. Under special conditions the current group members and leaders can ask that the Leader Council redistribute the funds. This redistribution is at the discretion of your County 4-H Council and 4-H Staff.

Funds raised and properties acquired in the name of 4-H must continue to be used for that purpose even if the original 4-H unit disbands. If a County 4-H Leader Council is not in place or is not able to manage the asset then the asset reverts to the Washington State 4-H Foundation.

If your club/unit received donations from a company or individual (grant money) to do a specific job (restricted funds) and you did not finish that job, you must give the money back to the donor.

A report of the distribution of the funds must be included in the final financial statement and a copy of this given to the county 4-H office along with the final Peer Review Report. This must be saved for seven years.

The Annual Treasurer’s Report must also be completed and given to the county 4-H office within one month after the final group event (Figure 10).

You need to provide a copy of your 990 Form filing.

Your group may have equipment that must be taken care of, just as your money needs to be taken care of. All equipment that a group has is considered by the IRS as a capital asset and must be treated just like money. That is, it must be turned over to your County 4-H Leader Council. The dissolving group may suggest to the County 4-H Leader Council another group that could best use the equipment.
Section 8.  Treasurer’s Checklist

<table>
<thead>
<tr>
<th>Framework</th>
<th>Completed</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepared a list of accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Put together a ledger</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Made ledgers for projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obtained a tax ID number</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open a bank account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Got a bank stamp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Got a receipt book</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Got a date stamp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Got a cash box</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Getting Started for the Year

<table>
<thead>
<tr>
<th>Getting Started for the Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepare a budget</td>
</tr>
<tr>
<td>Approved by club/unit board and members</td>
</tr>
</tbody>
</table>

Income and Fundraising for Each Month

<table>
<thead>
<tr>
<th>Income and Fundraising for Each Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>All checks are made payable to your 4-H group</td>
</tr>
<tr>
<td>All deposit slips are in your records</td>
</tr>
<tr>
<td>Complete bank register</td>
</tr>
<tr>
<td>Complete ledger</td>
</tr>
</tbody>
</table>

Spending Money for Each Month

<table>
<thead>
<tr>
<th>Spending Money for Each Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>All checks have required signatures</td>
</tr>
<tr>
<td>All receipts are included</td>
</tr>
<tr>
<td>Written authorization for everything you paid for</td>
</tr>
<tr>
<td>All bills are organized by date of payment</td>
</tr>
<tr>
<td>Ledger is completed for each purchase</td>
</tr>
</tbody>
</table>

Reporting to Your Group

<table>
<thead>
<tr>
<th>Reporting to Your Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date bank account reconciled</td>
</tr>
<tr>
<td>Monthly report completed</td>
</tr>
</tbody>
</table>

Finishing for the Year

<table>
<thead>
<tr>
<th>Finishing for the Year</th>
<th>Completed</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>The inventory report includes everything worth over $100 and where it is being kept</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The financial report includes total expenses, income, and remaining cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax return filed, if necessary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepared records for the Peer Review</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Met with next year’s Treasurer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Report sent to County Extension Office (Figure 10)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Figure 10

4-H CLUB/GROUP/AUTHORIZED UNIT
ANNUAL FINANCIAL SUMMARY REPORT
TO WASHINGTON STATE UNIVERSITY EXTENSION

Reporting Year October 1, ____ to September 30, ____  Tax ID# (EIN) ______________________

Club/Group Name ________________________________  Club/Group # ______  County _______

Savings       Checking
Beginning Balance Date __________________________ $ __________________ $ __________________

Income this year $ __________________ $ __________________

Expenses this year $ __________________ $ __________________

Ending Balance Date __________________________ $ __________________ $ __________________

Bank Name ________________________________

Account #: (checking) ____________________________ (savings) __________________________

List any Donors and Fundraising Activities
Description

$ __________________

$ __________________

Date IRS Form 990 filed if required: ______________________, 20____ (Required if Gross $50,000 or greater.)

Treasurer's Signature ________________________________

Treasurer's Name (Printed) ________________________________

Date Peer Review Completed: ______________________, 20____

Peer Review Committee
Chair's Signature ________________________________

Chair's Name (Printed) ________________________________

Date Received in county 4-H Extension office: ______________, 20____

Date Received in State 4-H office: ______________, 20____

Attach list of equipment or other assets the club/group/council owns.
Include date acquired and current value.

This Form Due into the county 4-H Extension office by December 31 of current 4-H year.
APPENDIX A  A PEER REVIEW OF THE BOOKS

The financial reports of every club/group or organization should be reviewed and audited on a yearly basis as sound fiscal management practice. It should be a simple but careful check of how well the Treasurer and the group are handling funds. The President or Chair of the organization may appoint a Peer Review Committee. Make it a practice to always audit the books when transferring responsibility from one person to another for the protection of both parties involved.

The purpose of an audit is to check procedures and accuracy of the accounts. It is not a check for fraud. However, fraud must be reported if found. The records should be clear and easily understandable.

4-H FINANCIAL PEER REVIEW FORM

<table>
<thead>
<tr>
<th>Year</th>
<th>Club/Group Name</th>
<th>Treasurer’s Name</th>
<th>Club/Group Leader’s Name</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Yes  No
---  ---
1. Does this group have a treasury?  
2. Are the group’s funds on deposit at the bank?  
3. Have funds raised been reported and deposited appropriately?  
4. Does the bank statement balance agree with the balance in the Treasurer’s Book?  
5. Have amounts received and amounts spent been promptly entered in the Treasurer’s Book with the date and an explanation of the transaction?  
6. Have all checks been signed as required by two people, the Treasurer and one other, authorized by the club/unit?  
7. Are those two people from different families and not related?  
8. Have all disbursements been made by check?  
9. Have any checks been made payable to cash?  
10. Are all checks pre-numbered and pre-printed?  
11. Have any counter checks been used?  
12. Have all disbursements been properly documented? Supporting documents include evidence of purchase, receipt, and approval.  
13. All such support documents are cancelled in a manner that assures they cannot be reused.  
14. No petty cash funds are used.  
15. Voided checks are organized and available for inspection.  
16. Printed pre-numbered receipt forms are properly used for receipt of cash.  
17. Restrictive endorsement, i.e., “for deposit only,” is placed on incoming checks as soon as received.  
18. Duplicate copies of receipts for cash are maintained.  
19. Cash overages or shortages are properly recorded in books.  
20. Volunteers are prohibited from using cash receipts to make cash disbursements (the Treasurer writes checks of reimbursements).
21. Adequate physical facilities are provided for safeguarding cash in the possession of individuals authorized to handle cash.

22. Bank deposits are certified by means of a duplicate deposit slip or entry in the check register.

23. Checks returned by the bank for insufficient funds are controlled and a follow-up maintained.

24. Monthly and year-end reports are provided by the treasurer, including: account balances, receipts, expenditures, and closing balances.

This form should be completed for each Peer Review and attached to the Peer Review Committee report, a sample of which is shown in Figure 9.

The Peer Review Committee may set up a timetable for any corrections that need to be made and review the books for compliance on that date.
APPENDIX B

IRS LETTER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Date: FEB - 7 2014

Employer Identification Number:
91-6001108
Group Exemption Number:
5967
Effective Date of Exemption:
December 18, 2012

Washington State University
442 French Administration Bldg.
Pullman, WA 99164

Dear Sir or Madam:

We have considered your application for a group exemption letter recognizing your subordinates
as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

Subordinates' Tax-Exempt Status

We have determined that your subordinates whose names appear on the list you submitted are
exempt from federal income tax under section 501(c)(3) of the Code effective on the date listed
above. Subsequent to this ruling, if a subordinate seeks an IRS letter recognizing its own
individual tax exemption, it must submit a Form 1023.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public
charities or private foundations. We have determined that your subordinates are public charities
described in sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code.

Donors may deduct contributions to your subordinates as provided in section 170 of the Code.
Bequests, legacies, devises, transfers, or gifts to your subordinates or for their use are
deductible for federal estate and gift tax purposes if they meet the applicable provisions of
section 2055, 2106, and 2522 of the Code.

Annual Filing Requirements

A central organization can file a group return on Form 990 for two or more subordinate
organizations that authorize the central organization in writing to include them in the group
return, and that are:

- Affiliated with the central organization at the time its tax year ends,
- Subject to the central organization's general supervision or control,
Washington State University

- Exempt from tax under the central organization's group exemption letter that is still in effect, and
- Using the same tax year as the central organization.

A central organization cannot use a Form 990-EZ for the group return.

A subordinate organization may choose to file a separate annual information return instead of being included in the group return. In that case:

- The type of return a subordinate organization must file is based upon its annual gross receipts. If a subordinate's gross receipts average $50,000 or less for a given tax year and its two prior tax years, the subordinate must file an annual electronic notice, Form 990-N, unless it chooses to file Form 990 or 990-EZ for that tax year.
- If a subordinate's annual gross receipts average more than $50,000, it is required to file either Form 990, Return of Organization Exempt From Income Tax, or Form 990-EZ, Short Form Return of Organization Exempt From Income Tax.

If a subordinate organization neither files a Form 990-series return nor is included in a group return for three consecutive tax years, its federal income tax exemption will be automatically revoked, effective as of the filing due date for the third tax year.

If the central organization is required to file a Form 990-series return for itself, it must file a separate return and cannot be included in the group return.

Form 990 (including a group return), 990-EZ, and Form 990-N must be filed by the 15th day of the 5th month after an organization's accounting period ends.

The law imposes a penalty of $20 a day when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty imposed cannot exceed $10,000 or 5 percent of gross receipts for the year, whichever is less. For organizations with gross receipts exceeding $1,000,000 in any year, the penalty is $100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding $1,000,000 shall not exceed $50,000. This penalty may also be charged if a return is not complete, so your subordinates should make sure their returns are complete before filing them.

Your subordinates are required to make their annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You and your subordinates are also required to make available for public inspection your group exemption application, any supporting documents and this exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.
Washington State University

Federal Income Tax Returns

Your subordinates are not required to file federal income tax returns unless subject to the tax on unrelated business income under section 511 of the Code. Each organization subject to this tax must file Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your subordinates’ present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

As of January 1, 1984, each of your subordinates is liable for social security (FICA) taxes for each employee to whom the subordinate paid $100 or more during a calendar year. This does not apply, however, to any subordinate that makes or has made a timely election under section 3121(w) of the Code to be exempt from such tax. Your subordinates are not liable for tax imposed under the Federal Unemployment Tax Act (FUTA).

Annual Group Exemption Update Process

Each year, at least 90 days before the end of your annual accounting period, please send the items listed below to the Internal Revenue Service Center at the address shown below.

1. A statement describing any changes during the year in the purposes, character, or method of operation of your subordinates;

2. A list showing the names, mailing addresses (including Postal ZIP codes), actual addresses if different, and employer identification numbers of subordinates that, since your previous report:
   a. Changed names or address;
   b. Were deleted from your roster; or
   c. Were added to your roster.

3. For subordinates to be added, attach:
   a. A statement that the information on which your present group exemption letter is based applies to the new subordinates;
   b. A statement that each has given you written authorization to add its name to the roster;
   c. A list of those to which the Service previously issued exemption rulings or determination letters;
   d. A statement that none of the subordinates is a private foundation as defined in section 509(a) of the Code if the group exemption letter covers organizations described in section 501(c)(3);
   e. The street address of each subordinate whose mailing address is a P.O. Box; and
   f. The information required by Revenue Procedure 75-50, 1975-2 C.B. 587, for each subordinate that is a school claiming exemption under section 501(c)(3). Also include any other information necessary to establish that the school is complying with the requirements of Revenue Ruling 71-447, 1971-2 C.B. 230. This is the same information required by Schedule B, Form 1023, Application
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for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

4. If applicable, a statement that your group exemption roster did not change since your previous report.

Please mail the information requested in this letter to the following address:

Internal Revenue Service
Ogden, UT 84201

Group Exemption Number

Your Group Exemption Number is 5987. You are required to include this number on any Form 990 group return that you may file. Your subordinates are required to include this number on each Form 990, Return of Organization Exempt From Income Tax, and Form 990-T, Exempt Organization Business Income Tax Return, that they file. Please advise your subordinates of this requirement and provide them with the Group Exemption Number.

Other Information

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about the responsibilities of your subordinates as exempt organizations. This publication and other useful information is available on the IRS Charities and Non-Profits website at www.irs.gov/eo.

Because this letter could help resolve any questions about the exempt status and foundation status of your subordinates, you should keep it for your records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Karen Schiller
Acting Director
Exempt Organizations
Rulings and Agreements

Enclosure: Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities
APPENDIX C  Raffle Information

“A raffle is an event where an organization sells tickets and awards prizes based on a drawing conducted by the sponsoring organization. All net proceeds from a raffle must be used for the organization’s stated purposes.” —Washington State Gambling Commission

There are strict requirements for conducting a raffle, including that it must be licensed if the tickets are sold by anyone under 18.

Information may be obtained from the:

Washington State Gambling Commission

Web site: www.wsgc.wa.gov
APPENDIX D  Other Types of Money Transactions

The Treasurer’s Book (C0231) is designed to emphasize the importance of providing a paper trail for every transaction; however, some types of transactions do not leave a well-defined paper trail.

Because of this issue, it is best to avoid using these types of transactions for routine business. There are times when these types of transactions are the best method to use. For example, you may wish to purchase a training manual that is only available on the internet.

Debit cards may be used for 4-H transactions. This requires more care in recordkeeping to be sure that sufficient details are available for the monthly and year-end reports. Care must be taken to record these types of transactions in the ledger when the funds are expended. Debit cards must be placed in the ledger as they occur. These types of transactions remove funds from your checking account immediately.

The laws protecting you when a card is lost differ for each type of card, with the credit card having the advantage.

There may be occasions when a 4-H unit will need to accept credit cards or debit cards as part of an auction or large sale. The card slip must be completed with sufficient information to identify the item being paid for. An example would be an auction where writing the bid item number will provide the information, as the auction bid book will have the necessary details. The description of the items paid for is in addition to the information required to process the card slip for payment.

If a 4-H unit uses a card or processing system that does not belong to them, more care is required to have good records of the transaction. The records that cover these transactions need to be copied and included with the treasurer’s records.
Glossary

Authorize. Give permission. You must have your group’s permission to spend money and it must be in writing. For instance, your approved budget gives you permission. Also, minutes from a group meeting could give you permission, or authorization, to purchase something. If you can’t get authorization in writing, be sure to make a note of who gave you permission and include that note in your records. Have the authorizing person sign the note as soon as possible.

Balance. This word can be used in two ways. Your bank balance is the amount of money the bank says you have at the time your statement is printed. Your group ledger balance is the amount of money you have recorded in your bookkeeping system. However, when you balance your bank statement, you are comparing your records and group ledger, plus the check register balance to the bank’s records, or “balancing” the two to see why you and the bank might be different.

Bank Statement. A report you will receive from your bank each month. It will show the checks you have written and that have cleared (see “Cleared”) as well as the money you deposited since the last statement and as of a specified date.

For instance, you may receive a statement on the 5th of each month. The bank statement date will be for a few days earlier, perhaps the 1st. The 1st is called the “statement date.” If you have written checks or made deposits since the statement date, your check register and club/unit ledger balance will be different from what the bank statement says.

When the bank statement balance is higher than your check register and group ledger balance, chances are that checks you have written did not reach the bank yet. If the bank balance is lower than your book balance, a recent deposit you made may have reached the bank after the bank statement date.

Budget. An itemized list of most likely expenses and revenues for the year.

List of Accounts. A list of all the types of things you will spend money on or receive money from. The best list of accounts is a simple one. List your projects and events, and add categories for what you expect to spend the group money on.

Check. Your written authorization for the bank to pay someone money.

Checkbook. Where you keep your blank checks and check register. Be sure to keep all your checks secure.

Cleared. When you write a check, it must go back to your bank to be cleared. To be cleared means that the bank has taken money from your account to pay for what you authorized. If you have a check that you wrote, but it has not cleared, it means that either the bank received it after your bank statement date or the person you paid has not cashed or deposited it yet. If a check has not cleared for several months, you should call the person you paid and ask if he or she has deposited it. (This check may need to be replaced or voided.) If you need assistance, talk to your group leader.

Deposit. When you give money to the bank to add to your account. Each deposit should have a deposit slip completed. A copy of the deposit slip and the receipt from the bank should be kept in your records.

Endorse. To write your signature on the back of a check or use the endorsement stamp on the check.

Estimate. To make a judgment of the likely cost of something or what you think your group will receive for their work. It is better not to guess. Use what was done last year, call stores for prices, and write down what you learn. If you have never had a fundraiser in your group, ask your 4-H staff person for help.
**Expense.** Something that requires spending money.

**Inventory.** The things your group owns and also the list of those things.

**Ledger.** A book listing your accounts and the recording of the money you deposited and spent.

**Outstanding.** When a check has not cleared, it is called outstanding. That means the bank has not received the check so money can be paid to the person you want to pay.

**Peer.** Someone who is your equal. For instance, the members and leaders of your group are your peers.

**Receipt.** A written proof that something was paid for.

**Reconciliation.** Comparing your records with the bank’s records.

**Revenue.** Money your group receives for its work at a fundraiser, or contributions from a donor.