



An Introduction to 4-H Club Finances



Clubs engaging in financial responsibilities are expected to be good stewards through cash management, banking, budgeting, bill payment, reporting, auditing, and tax record retention. It is important to realize that funds raised under the 4-H name and emblem belong to 4-H.

4-H Clubs can fully participate in 4-H activities without an Employer Identification Number (EIN). 4-H Clubs may hold \$100 or less in petty cash for club activities or events.

Before opening a bank account, the club must apply for an Employer Identification Number (EIN) [through the Illinois 4-H office](#). Volunteer leaders will contact an Extension staff member to begin the process.

What is a budget?

A budget is a written estimated financial plan outlining a club's annual income and expense transactions. A budget is an important first step that should take place at the beginning of each new 4-H program year. The club members decide what activities they want to participate in and develop the annual budget based on the cost of items with the current income. Clubs can use the previous year's Annual Fiscal Verification Report (or Annual Financial Statement) or the current year's [Illinois 4-H Club Treasurer Record Book](#) to guide their budget for the club to approve with a vote.

Why does our 4-H club need a budget?

The purpose of a budget is to 1) document all expenditures of the club, 2) make sure funds are being used with the full approval of the membership, and 3) club members learn how money flows into and out of an organization. The budget is used by 4-H members, the treasurer, club officers, and volunteer leaders to plan expenses and approve bill payments throughout the club year. Monthly treasurer reports help monitor how the 4-H club's activities and spending to confirm funds are available to reach goals or adjust activities to stay on budget.

Plan for unexpected expenses during the year. It is a good idea to include emergency funds in the annual budget. If the club has a large inventory or expensive equipment, the membership may decide to purchase a club insurance policy to cover replacement costs due to damage, theft, etc. Contact the Extension office for further information.

How does a 4-H Club manage their checking and savings accounts?

The 4-H club's elected treasurer will maintain the club's income and expense transactions using the Illinois 4-H Treasurer's book. All clubs that hold an EIN will submit checking account and savings accounts financial institution information, and account numbers with a copy of the bank signature card on the Annual Financial Verification Report.

4-H clubs with a checking account should make financial transactions using a check, establishing a record of the transaction for accountability. Two signatures are required on the check. Banks are more commonly issuing checks with

one signature line. The club treasurer will sign the check under the signature on the check made at the time of purchase with the receipt and the minutes approving the expense for documentation. All Clubs are required to complete an [Annual Financial Verification Report](#) in September.



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How much money are we allowed to have in our 4-H Club treasury?

4-H clubs are required to manage their treasury responsibly. All 4-H club funds must be used to support its members' 4-H program and educational activities. The 4-H clubs are not allowed to accumulate excessively large fund balances unless there is a specific project and activity that the 4-H club has identified.

If your 4-H club has a balance that exceeds the current and prior year's expenses recorded in the 4-H Club Annual Financial Verification Report, a [Long-Term Spending Plan](#) form will be submitted to the Extension Office along with the 4-H Club Treasurer's Book. This form will describe your specific goals or purposes that require the growth of the 4-H club treasury to such a large balance. Clubs will be asked to provide an estimated timeline to complete activities. The County Director must approve long-term spending plans.

Fundraising guidelines

The Illinois Department of Revenue allows 4-H clubs to hold a maximum of two fundraisers per calendar year. 4-H clubs should receive prior approval from Extension staff when planning or conducting a fundraiser. A [4-H Fundraising Approval Form](#) must be submitted for approval and placed on file at least two weeks before your club begins advertising for the 4-H fundraising activity. This will ensure that the club's activity is within the policies and guidelines for using the 4-H name, emblem, and fiscal policies.

All money raised using the 4-H name and emblem must be used for 4-H educational programs and activities. If the money is being raised for an outside organization/agency (such as the humane society, a food pantry, Red Cross, or a town's beautification project), that must be indicated on the [4-H Fundraising Approval Form](#) and all promotional materials, such as newspaper articles and posters, the club sends out about the event.

University of Illinois Extension Raffles Policy

4-H clubs cannot conduct raffles. According to Illinois state statutes, a person under the age of 18 years may participate in the conducting of raffles only with the permission of a parent or guardian. To protect our youth and ensure compliance with this statute, 4-H members are not allowed to purchase or sell raffle tickets for any organization sponsoring a raffle. Refer to the Illinois 4-H Raffles Extension Policy.

What happens if our 4-H club disbands?

When 4-H clubs vote to disband or cease operating, they must contact the local Extension office within 30 days. The 4-H Club will work with Extension staff to submit the Dissolution Clause and turn in within 30 days of the club's vote with bank statements, signatory cards, residual funds, and inventory.

4-H clubs may donate the remainder of their club funds and inventory to the local Extension Unit, County Extension Office, County 4-H/Extension Foundation, or another recognized 4-H club with the approval of the County Extension Director.



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