

4-H Youth Development

# Leader's Guide

to the



# Treasurer's Book

**COUNTY COUNCIL TREASURER'S HANDBOOK**



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# Introduction

## TO THE 4-H TREASURER:

Your group 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 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 IRS number. 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 IRS number.

## 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 IRS 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

**Figure 1. Sample Group Ledger.**

Date	Check or Receipt Number	Name of person paid or received from Payee/Payer	What was the money used for or how the money was earned Description	Account Name	Amount of Income (Received)		Amount of Expense (Spent)		Balance	
10/30/05			Beginning Balance						\$250	00
12/5/05	2001	Mrs. Smith	Christmas Party Decorations	Parties			-\$35	47	\$214	53
12/15/05	125	John Jones	Purchased Club Jacket	Jackets	\$55	28			\$269	81

Additional columns can be added for each project or activity. This can also be set up in a simple spreadsheet.

summarized. For example, a mailing would be shown on the project ledger as separate items, including envelopes, paper, stamps, etc., but on the group ledger, it would be listed as a mailing for that project.

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 or county council 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 two adult leaders to sign. 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 IRS identification number. Reporting to the IRS is explained at the end of this publication. Be sure your group has an IRS ID number 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](http://www.irs.gov) (Form SS-4). You will need the 4-H Group Exemption Number (GEN) to complete this form. This number is 2704. The IRS has determined that 4-H is a 501(c)3 organization. There is a national 4-H publication that provides help in filling out this form, *Tax-exempt Status of 4-H Organizations Authorized to Use The 4-H Name and Emblem*. This publication is available at the following Web site: **[http://www.national4-hheadquarters.gov/4h\\_tax.pdf](http://www.national4-hheadquarters.gov/4h_tax.pdf)**. The following publication, currently under revision, *The 4-H Name and Emblem*, has valuable information on the use of the clover and fundraising. It can be downloaded from the Web at the following address: **[http://www.national4-hheadquarters.gov/4h\\_name.pdf](http://www.national4-hheadquarters.gov/4h_name.pdf)**.

## 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 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.

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.**

<b>Budget for Your 4-H Club/Unit – October 1, 2004 to September 30, 2005</b>					
<b>Item</b>	<b>Expense</b>	<b>Income</b>	<b>Totals</b>	<b>Balance</b>	<b>Actual*</b>
Projected Income					
Car Wash		\$200.00			
Raffle		\$225.00			
Show Event		\$75.00			
Sales of Goods Event		\$450.00			
Grant for Local Sponsor		\$200.00			
Stadium Cleanup		\$100.00			
Christmas Wreath Sale		\$270.00			
<b>Total Income</b>			<b>\$1520.00</b>		
Projected Expenses					
Pins and Awards	-\$80.00				
Award Banquet	-\$110.00				
Scholarships to Teen Conference	-\$320.00				
Publications	-\$40.00				
Christmas Party	-\$120.00				
Club/Unit Shirts and Jackets	-\$475.00				
Project Equipment	-\$200.00				
Meeting Room Rental	-\$100.00				
Newsletter	-\$75.00				
<b>Total Expenses</b>			<b>-\$1520.00</b>		
<b>Budget out of Balance Amount**</b>				<b>\$00.00</b>	

\* 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:

- If you are receiving cash, have a cash box you can lock.
- Keep cash where it cannot be easily stolen.
- Whenever possible, write a receipt to the person paying you.
- Never leave cash without someone trustworthy watching it.
- 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.

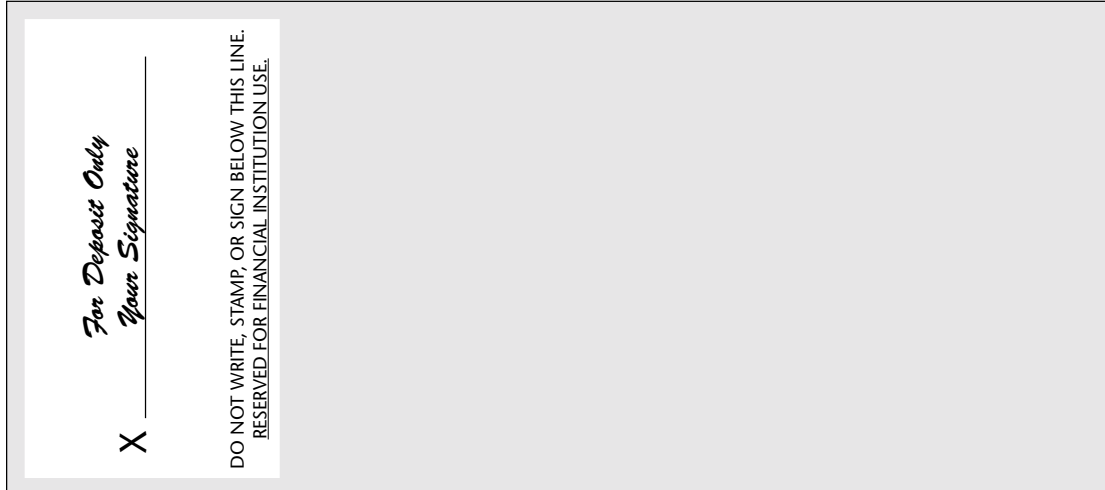
2. If you are receiving cash, keep it in a safe place. It is very easy to misplace money or have it stolen. Remember, this is not your money. It belongs to your 4-H group and you are responsible for keeping it safe. Count the money received so that the person paying you can see you count it. If change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

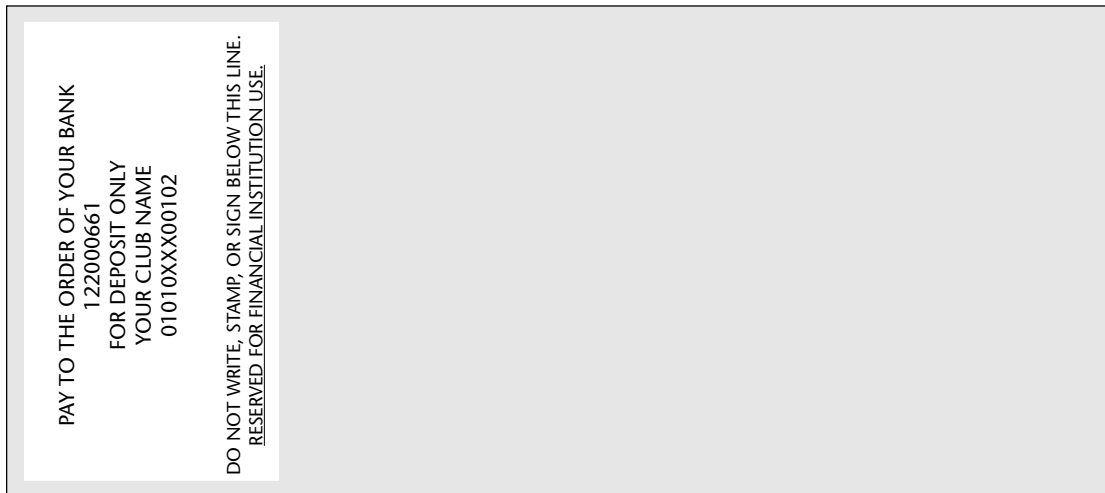
Deposit money as soon as possible. The best practice is to deposit daily or the next day the bank is open. You will need to complete a deposit slip each time you take money to the bank.

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

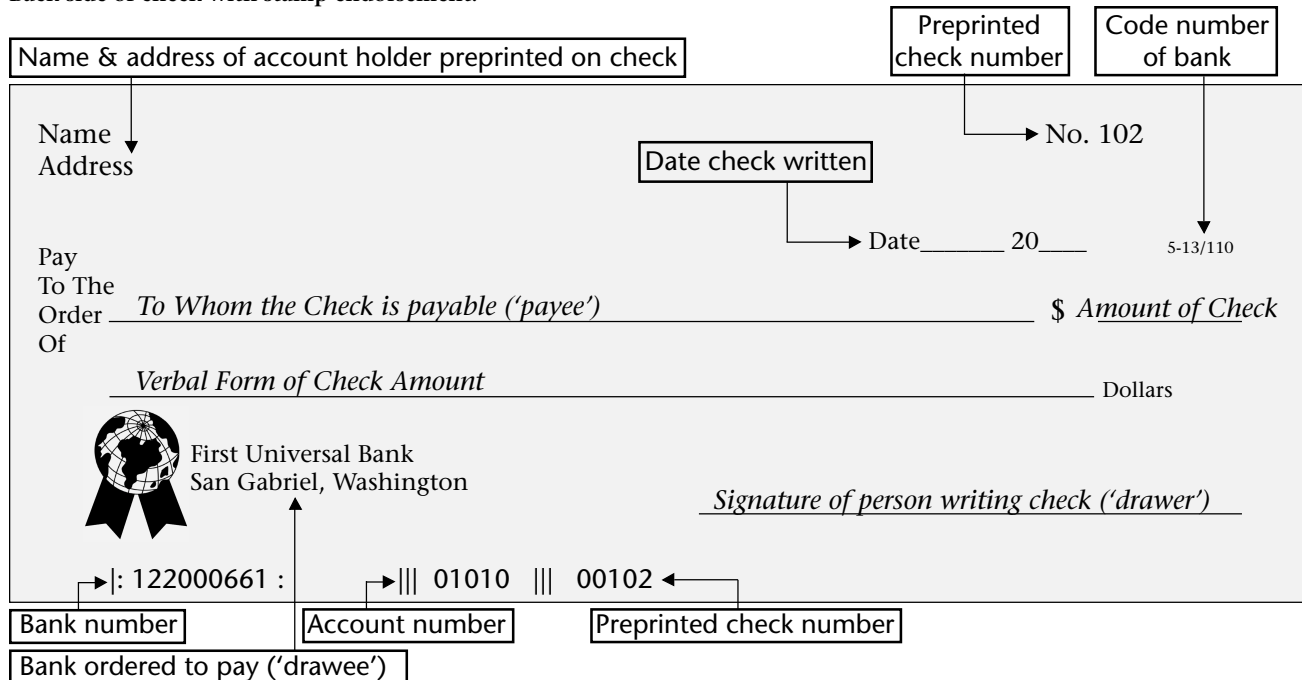
**Figure 3. Sample Check.**



Back side of check with handwritten endorsement.



Back side of check with stamp endorsement.



**Figure 4. Sample Deposit Slip.**

DEPOSIT TICKET					
Name of Club		CASH ▶			2 6 . 0 0
Address of Treasurer		5-13/110			3 7 . 0 0
DATE					
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>		(OR TOTAL FROM OTHER SIDE)			
<small>SIGN HERE IF CASH RECEIVED FROM DEPOSIT</small>		TOTAL ITEMS			6 3 . 0 0
		<input type="checkbox"/> SUBTOTAL ▶			
		<input type="checkbox"/> LESS CASH ▶			
		NET DEPOSIT \$			6 3 . 0 0

First Universal Bank  
San Gabriel, Washington

: 122000661 :      ||| 01010 ||| 00102

- 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. Give people something for their money or sell them on the merits of 4-H as an educational program.
  - 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.

- Games of chance such as raffles and bingo-type games may require a permit or license. Contact the Washington State Gaming Commission for information.
- Always use accepted fundraising procedures for specific projects and tell the public how the money will be used.

### **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.

Check Number	Date	Transaction Description	Checks/ Withdrawals Fees/Debit (-)	Deposit/ Interest Credit (+)	Available Balance
101	9/7	Opening balance			\$250.00
	9/14	Purchase training books	\$25.50		224.50
102	10/2	Sept. statement charges	3.50		221.50
	10/7	Meeting room rental	15.00		206.50
	10/20	Car wash income		\$75.00	281.50

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." Anything you paid \$100 or more for should be included on the 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.**

Name of Item	Date of Purchase	Amount Paid	Where Stored	Date Sold or Disposed of	Amount Sold for
Training Manuals	3/15/1999	\$125.00	Mrs. Smith's home	1/15/2002 Out of date	No value
Chairs	5/20/2001	\$200.00	Club/group meeting room		

# 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.**

Monthly Financial Report—4-H Group “Name”						
January 1, 2009 through January 31, 2009						
<b>Beginning Balance 1/1/2009</b>					<b>\$345.15</b>	
<i>Account list name</i>	<i>Description</i>	<i>Expense (-)</i>	<i>Income (+)</i>	<i>Balance</i>	<i>Budgeted Amount</i>	
Raffle	Income from tickets		\$250.00		\$225.00	
Event Income	Entrance fees for show		\$75.00		\$75.00	
<b>Total Income this Month</b>				<b>\$325.00</b>		
Newsletter	Envelopes for mailing	-\$5.45			\$75.00	
Newsletter	Stamps	-\$11.10				
Raffle	Cost to print tickets	-\$40.00				
Show Event	Building rental for show	-\$50.00				
<b>Total Expenses this Month</b>				<b>-\$106.55</b>		
<b>Ending Balance 1/31/2009</b>				<b>\$563.60</b>		

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.
- Now, take a look at the list of things you bought this year. Did any cost more than \$100? If so, put them on your inventory report.
- Give a copy of the report to your club/unit. Keep the original for your own records.

### 2. Prepare Your Annual Report.

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 or group file an annual tax report whenever it has received \$25,000 or more in one year. They call this your "total receipts." If your group did receive this much money, you will need to file a Form 990, which you can find online at [www.irs.gov](http://www.irs.gov). The Web site has both the form and directions for completing the form. 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.**

### 4. Your Annual Financial Report to Washington State University Cooperative Extension.

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 Com-

**Figure 8. Sample Annual Financial Report.**

<b>Annual Financial Report—4-H Club/unit “Name”</b>				
October 1, 2008 through September 30, 2009				
<b>Beginning Balance 10/1/2008</b>				<b>\$229.00</b>
<i>Account list name</i>	<i>Description</i>	<i>Expense (-)</i>	<i>Income (+)</i>	<i>Balance</i>
Car Wash	Car Wash at high school		\$175.00	
Raffle	Income from tickets		\$250.00	
Event Income	Entrance fees for show		\$75.00	
Sale of Goods Event	Garage Sale		\$460.00	
Grant—local sponsor	Johnny’s Market, for equipment		\$200.00	
Stadium cleanup	Local baseball field cleanup		\$100.00	
<b>Total Income</b>				<b>\$1260.00</b>
<b>Pins and Awards</b>	Pins and awards for all shows	-\$70.00		
<b>Awards Banquet</b>	Food, paper plates	-\$165.00		
<b>Publications</b>	Training manuals	-\$35.00		
<b>Christmas Party</b>	Decorations, drinks, room rental	-\$115.00		
<b>Club shirts and jackets</b>	Jackets only	-\$500.00		
<b>Project equipment</b>	New cages	-\$200.00		
<b>Meeting room rental</b>	Local bank meeting room	-\$100.00		
<b>Newsletter</b>	Stamps, envelopes, paper, ink	-\$65.00		
<b>Raffle</b>	Cost to print tickets	-\$40.00		
<b>Show event</b>	Building rental for show	-\$50.00		
<b>Total Expenses</b>				<b>-\$1340.00</b>
<b>Ending Balance</b>				<b>\$149.00</b>

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.

mittee must sign this report. It will help 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). If the funds received during the year were greater than \$25,000, 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, and to the County 4-H Council. This report must have the yearly financial statement attached, plus a copy of the IRS 990 form if one was completed.
- 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 floppy 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.**

<p><b>Peer Review Committee Report for Group "Name"</b></p> <p>October 1, 2008 through September 30, 2009</p> <p><i>(What the committee did and found)</i></p> <p>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.</p> <p>The funds were found to be in balance and correctly accounted for. The ending balance as of September 30, 2009 is \$149.00.</p> <p><i>(Recommendations for future improvements)</i></p> <p>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.</p> <p>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.</p> <p><i>(Signatures and dates of the committee members)</i></p>			
<p>_____ Signature one</p>	<p>_____ Date</p>	<p>_____ Signature two</p>	<p>_____ Date</p>
<p>_____ Signature three</p>	<p>_____ Date</p>	<p>_____ Signature four</p>	<p>_____ Date</p>

## 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.

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).

If an IRS 990 form has been required, you should mark the final one as such and file it.

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

Framework	Completed	Date
Prepared a list of accounts		
Put together a ledger		
Made ledgers for projects		
Obtained a tax ID number		
Open a bank account		
Got a bank stamp		
Got a receipt book		
Got a date stamp		
Got a cash box		

## Getting Started for the Year

Prepare a budget		
Approved by club/unit board and members		

## Income and Fundraising for Each Month

All checks are made payable to your 4-H group																		
All deposit slips are in your records																		
Complete bank register																		
Complete ledger																		

## Spending Money for Each Month

All checks have required signatures																		
All receipts are included																		
Written authorization for everything you paid for																		
All bills are organized by date of payment																		
Ledger is completed for each purchase																		

## Reporting to Your Group

Date bank account reconciled																		
Monthly report completed																		

## Finishing for the Year

## Completed Date

The inventory report includes everything worth over \$100 and where it is being kept		
The financial report includes total expenses, income, and remaining cash		
Tax return filed, if necessary		
Prepared records for the Peer Review		
Met with next year's Treasurer		
Annual Report sent to County Extension Office (Figure 10)		

**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 \_\_\_\_\_  
Required if Gross \$25,000 or greater

Treasurer's Signature \_\_\_\_\_

Treasurer's Name (Printed) \_\_\_\_\_

Peer Review Completed Date \_\_\_\_\_

Peer Review Committee  
Chair's Signature \_\_\_\_\_

Chair's Name (Printed) \_\_\_\_\_

Date Received in County Office \_\_\_\_\_

Date Received in Foundation Office \_\_\_\_\_

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

**This Form Due into the County 4-H Extension Office by January 31.**

## 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

Year \_\_\_\_\_

Club/Group Name \_\_\_\_\_

Treasurer's Name \_\_\_\_\_

Club/Group Leader's Name \_\_\_\_\_

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.               |

Yes    No

- |                          |                          |  |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | 22. Bank deposits are certified by means of a duplicate deposit slip or entry in the check register.                                       |
| <input type="checkbox"/> | <input type="checkbox"/> | 23. Checks returned by the bank for insufficient funds are controlled and a follow-up maintained.  |
| <input type="checkbox"/> | <input type="checkbox"/> | 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



### Internal Revenue Service

Washington, DC 2022

Date FEB 9 1983 In reply refer to T : MS : EO : P : 5

Mr. Edwin L. Kirby  
United States Department of  
Agriculture, Extension Service  
Washington, D.C. 20250

Dear Mr. Kirby:

This is in reply to your letter dated January 18, 1971, in which you request rulings that all of the various 4-H clubs and affiliated 4-H organizations under the control of the Extension Service of the United States Department of Agriculture be classified as organizations other than private foundations, and that they be granted relief from filing annual returns of information. You have also requested that all affiliated 4-H organizations under the control of the Extension Service be included in our original ruling of April 24, 1946, which granted recognition of exemption to 4-H clubs.

This original ruling issued to the Department of Agriculture of April 24, 1946, recognized that 4-H clubs were exempt from federal income tax under section 101(6) of the Internal Revenue Code of 1939, which corresponds to section 501(c)(3) of the 1954 Code.

Your letter of November 22, 1954, raised the question as to whether affiliated 4-H organizations were also intended to be included in our ruling of April 24, 1946. Our ruling of September 23, 1960, held that our ruling of April 24, 1946, was meant to include only the 4-H clubs, and concluded that, although the affiliated 4-H organizations have an ultimate objective of furthering the 4-H program, they were too diversified as to purposes and activities to be included in the original ruling.

On the basis of information contained in your letter of January 18, 1971, and subsequent information submitted we have concluded that all of the affiliated 4-H organizations authorized to use the 4-H emblem by the Department of Agriculture are so organized and operated under the control of the Extension Service as to make them eligible for inclusion in our original ruling of April 24, 1946.

Donors may deduct contributions to 4-H clubs and affiliated 4-H organizations as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to them or for their use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

We also rule that both 4-H clubs and affiliated 4-H organizations authorized to use the 4-H emblem by the Department of Agriculture are not private foundations within the meaning of section 509(a)(1) of the Code, because they are organizations described in section 170(b)(1)(A)(vi) of the Code.

Your request for a ruling under section 6033 of the Internal Revenue Code on information return filing requirements was the subject of a separate communication to you dated July 25, 1972, wherein you were advised that the Commissioner's discretionary authority to relieve the organizations from the filing requirements of section 6033 of the Code would not be exercised at this time.

We are informing our key district offices of this action. Please keep this ruling letter in your permanent records.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "J. A. Tedlow".

Chief,  
Exempt Organizations Branch

## 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

Mailing Address      PO Box 42400  
                                 Olympia, WA 98504-2400

Location                4565 7th Ave SE  
                                 Lacey, WA 98503

Phones                    360 486-3440  
                                 800 345-2529  
                                 TDD 360 486-3637  
                                 FAX 360 486-3631

Web site                 [www.wsgc.wa.gov](http://www.wsgc.wa.gov)

## 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.

Please send corrections and suggestions for additions to this manual to:  
Chuck Todd  
18017 SE 340th St  
Auburn, WA 98092  
toddc@coopext.cahe.wsu.edu



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