



RISK MANAGEMENT FOR 4-H YOUTH DEVELOPMENT WORK

Fundraising and Fund Handling

This is one publication in the series *Risk Management for 4-H Youth Development Work*. This series is intended to prepare UF/IFAS Extension county faculty, staff, volunteers, and youth to satisfactorily complete the important task of providing best practices in risk management strategies.

Our goal is to conduct educational events and activities that coincide with the 4-H mission and mandates while protecting the safety of participants, sponsors, property, finances, and the goodwill/reputation of the 4-H name. The inherent risk of events and activities can be mitigated through planning and preparation. This risk management guide has been created to outline ways to prepare for and deal with the specific risks associated with your program.

Early planning is key to conducting successful events and activities. A helpful tool in this process is the *Risk Management for 4-H Youth Development Work: Pre-Event Planning Guide and Matrix* which is found within the Risk Management for 4-H Youth Development Work Series: http://edis.ifas.ufl.edu/topic_series_risk_management_for_4-h_youth_development_work. As you work through this matrix, questions may arise that are unique to a specific situation and may not be completely answered by the series. Extension faculty and staff should refer these questions to appropriate personnel. Questions that require time for research punctuate the need for early planning.

Another tool is the [Risk Management Checklist](#), which can be used as a guide when planning an activity or event.

This document reviews policies and best practices for handling 4-H program funds and conducting 4-H fundraisers. Handling any funds inappropriately results in an increased risk to the University of Florida.

County Associations

Each County Extension Director (CED), on behalf of UF/IFAS Extension, is responsible for overseeing all funds within the county Extension program. However, it is the UF/IFAS Extension 4-H agent who is responsible for monitoring the day-to-day generation, collection, and expenditure of funds associated with the county 4-H association.

All 4-H funds should be held within the county 4-H association bank account established using the Employer Identification Number (EIN). Creation of new bank accounts must be reviewed and approved by the County Extension Director (CED) and the UF/IFAS Extension 4-H agent. Any changes, additions, or closures of these accounts must be reported via the year-end report that is submitted annually to the state 4-H headquarters. These financial reports must be filed within 60 days of the fiscal year-end to ensure inclusion in the University of Florida's group exemption. For specific procedures to maintain tax exempt status for the county 4-H program, the agent has access to the Florida 4-H Annual Financial & Tax Reporting Guide (http://florida4h.org/staff/password_protected/taxexempt/tax-maintenance/Annual%20Financial%20&%20Tax%20Reporting%20Guide%20August2012.pdf).

In certain instances, county 4-H foundations have been established as 501(c)3 organizations. If this is the case, a memorandum of agreement (MOA) must be signed by appropriate representatives from the University of Florida and the tax-exempt organization authorizing use of the 4-H name and emblem. Fiscal procedures, recordkeeping, and required year-end reporting processes are nearly identical to those of county 4-H associations.

4-H clubs or groups that do not foresee an annual budget of more than \$100 do not need to establish an account

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with the local 4-H association. The club does, however, need to maintain its treasury in a manner consistent with 4-H policies and procedures for handling club funds, including submitting for audit annually. For specific fund handling procedures, please see the 4-H Treasurer's Manual (<http://edis.ifas.ufl.edu/pdffiles/4H/4H01200.pdf>).

All county 4-H funding sources must be held within a county 4-H association (in some instances, a foundation), a University of Florida Fund 182, a University of Florida Foundation Endowment, or Fund 171 account. Examples of funding include:

- 4-H club funds
- 4-H club dues
- Donations to the county 4-H program
- Funds raised or earned using the 4-H name and emblem
- Funds of 4-H affiliate groups
- Fees for educational programs
- Newsletter subscriptions
- Fees collected at shows, expos, fairs, events, and activities
- Sale of 4-H publications
- Awards and recognition

Annual Financial Review

All 4-H accounts should be reviewed annually. It is the responsibility of the 4-H group (appropriate officers or committee chairs) to prepare all accounts for review. An individual (or two) who have not been involved in the fiscal areas, nor is a signatory on any account(s) being reviewed, should be selected to complete the review. A copy of the review should be submitted to the 4-H state headquarters with the annual report, as well as kept on file at the county Extension office. The review should include at least the following:

- Beginning balance
- Totals of various types of income (donations, fundraising, event registrations, etc.)

- Totals of various types of disbursements (event expenses, program supplies, scholarships/awards, etc.)
- Ending balance
- Evidence that balances have been reconciled to printed bank records
- A statement that records have been reviewed and found to be handled in keeping with established organization budget goals and policies
- Signature of the reviewer(s)
- Signature of an Extension faculty member who has received and accepted the reports

The UF/IFAS Extension 4-H agent is responsible for submitting the appropriate report(s) for the county 4-H association to the state 4-H headquarters within 60 days of the fiscal year-end. Agents have access to a Tax Calendar Checklist (http://florida4h.org/staff/password_protected/taxexempt/tax-maintenance/Tax_Calendar_Checklist.pdf) for a suggested timeline and the deadline for submission.

Some county 4-H associations may choose to conduct an audit rather than, or in addition to, the internal financial review. An audit is a more formal and rigorous process, which is typically conducted by a credentialed outside agency.

Additional information about conducting an internal review of 4-H accounts can be found in the Florida 4-H Annual Financial & Tax Reporting Guide.

Handling Funds

Receipt of Funds and Deposits

A receipt to the customer should be issued upon receiving income, whether it is in the form of dues, gifts, or any of the aforementioned funding sources. Each receipt should be pre-numbered and include the following:

- Date
- Customer name
- Reason for receipt
- Amount received
- Transaction type

- Name of payee
- Signature of payee
- Sub-account to which the funds are to be credited

Receipt books that include all of these components can be found at any office supply store. Generally, receipts will have at least two copies (i.e., white top sheet and pink or yellow carbon sheet); the top sheet should be given to the customer and the carbon sheet retained as permanent record. All sequentially numbered receipts, including those voided, should be accounted for.

When funds are received via check, the check(s) should promptly be endorsed “for deposit only” to the appropriate account. All incoming funds, especially via the mail, should also be recorded in a check log. The components should include *at least* the following:

- Date check received
- Check date
- Check number
- Amount
- Name on check
- Purpose
- Specific account or club where funds are to be allocated

Deposits of funds should be made at least weekly. If funds on hand exceed \$1,000, a deposit should be made within one business day. All funds, regardless of the amount, should be deposited at the fiscal-year end.

When funds are awaiting deposit, they should be kept secured, under lock, at all times. If a combination lock is used, the code should be changed whenever staffing changes occur among those that know the combination. Whenever cash (paper and coins) is moved, for instance, to the bank, a locked bag should be used.

Records of deposit should be kept for 10 years. All donation records need to be kept permanently as per University of Florida’s General Records Schedule [record retention guidelines](#).

For additional information on receipting and depositing funds as they relate to your county’s Fund 182 or 171, please see UF Finance and Accounting Cash, Collections,

Receivables and Investments (<http://www.fa.ufl.edu/directives-and-procedures/cash-collections-receivables-and-investments/>).

Disbursement of Funds

All disbursements must be fully documented and include:

- Original invoices
- Receipts
- Sales slips
- Purpose
- Account of Club to be used for the withdrawal of funds

All documentation must be kept on file in the UF/IFAS Extension office for 10 years as per University of Florida’s General Records Schedule record retention guidelines.

Checks may not be signed by any Extension employee (whether University or county government); only authorized members of the county 4-H association (or foundation) may be signatories on accounts. Disbursement checks with an amount greater than \$500 must be signed by two unrelated people. Similar to receipts, all checks must be numbered, and all voided checks must be kept on file in the county Extension office. It’s necessary for the county 4-H association to use QuickBooks, Quicken, or a similar software to maintain local accounts.

Segregation of Duties and Reconciliation

Implementing internal controls or segregation of duties helps to ensure that fraud is not occurring and enables errors to be detected in a timely manner.

It is important that the employee who is responsible for ensuring that all funds are receipted for, have been deposited, and have been properly recorded is not the same employee who collects and/or deposits funds. In addition, the employee responsible for tracking accounts receivable should not be the same individual responsible for collecting the payments.

- Employee who ensures deposit/receipt of funds ≠ Employee who collects/deposits funds
- Employee who tracks accounts receivable ≠ Employee who collects payments

Receipts, deposits, and expenditures should be reconciled to departmental ledgers at least monthly by the employee. Any inaccuracies that are identified while reconciling must be investigated, reported, and corrected in a timely manner. Upon completion, the reconciler should sign or initial the documentation and keep it on file for ten years.

Depending on the number of employees, sometimes it is difficult to implement the ideal internal controls and segregation of duties. Fraud prevention measures are ideal; however, they are costly and require additional people. Fraud detection measures entail a system of checks and balances, and are simpler and less costly to implement. In this case, work with your district director to develop procedures.

For more information regarding disbursement of funds, segregation of duties, and reconciliation, please see:

Best Practices Reconciliation (<http://fa.ufl.edu/wpcontent/uploads/2013/08/ReconciliationBestPractices.2013.pdf>)

UF Finance and Accounting (<http://www.fa.ufl.edu/directives-and-procedures/accounting-and-reporting/>)

DED Guidelines for Bank Accounts for UF/IFAS Extension offices (<http://ded.ifas.ufl.edu/resources/bank.shtml>).

Fundraising

All fundraising efforts should be done with a purpose, or for a specific educational program or event; fundraisers should not be conducted to simply add funds to an account. All funds that are earned using the 4-H name and emblem are property of the UF/IFAS Extension 4-H Youth Development Program. It is important to obtain approval from the county Extension office to use the emblem on either handmade or commercial items. The 4-H name and emblem may not be used on, or associated with, products and services sold in connection with 4-H fundraising programs where endorsement of a

commercial firm, product, or service is either intended or effected. More information on regulations for using the 4-H name and emblem can be found at:

United States Department of Agriculture, National Institute of Food and Agriculture 4-H Name and Emblem Policy Guide (<https://nifa.usda.gov/sites/default/files/asset/document/4-H%20Name%20and%20Emblem%20Policy%20Guide%204-H%20Professionals%202014.pdf>)

When a decision has been made to conduct a fundraiser, it is necessary for the 4-H agent and County Extension Director to approve the activity. If the fundraiser is to occur on a district or state level, approval is at the discretion of the State 4-H Program Leader. Also refer to the Florida 4-H Treasurer's Manual for fundraiser planning guidelines and tips. All funds collected should be handled in a manner consistent with what is described in the "Handling Funds" section of this document.

Games of Chance

While games of chance, such as raffles and lotteries, are discouraged by the 4-H National Headquarters-USDA and Florida 4-H, they are permitted at the discretion of the UF/IFAS Extension 4-H agent and County Extension Director (or state 4-H program leader, when appropriate).

Before choosing to conduct a fundraiser that involves games of chance, 4-H agents should determine how the involvement of the 4-H program in such games affect the public perception of precepts, ideals, or goals of the 4-H educational work and the Land Grant institution. Florida 4-H does, however, allow contributions from organizations that derive revenue from games of chance, without the use of the 4-H name and emblem, to be accepted. It is up to the UF/IFAS Extension 4-H agent and County Extension Director to decide whether to accept these types of donations. It is important to consider how the positive youth development and ideals of the 4-H program would be represented.

If the decision has been made to conduct a fundraiser by means of games of chance, all brochures, advertisements, notices, tickets, or entry blanks used for drawings must conspicuously disclose the following:

- Rules governing the conduct and operation of the drawing
- The organization's full name and principal place of business
- Source of the funds used to award cash prizes, or to purchase prizes
- The date, hour, and place where the winner will be chosen and the prizes will be awarded, unless the brochures, advertisements, notices, tickets, or entry blanks are not offered to the public more than three days prior to the drawing
- That no purchase or contribution is necessary

Additional things to note:

- If accepting money from BINGO parlors, it's necessary to accurately document the use of those funds.
- Money raised by games of chance or BINGO for scholarship funds should have clear criteria for applying for funds.
- 4-H Club meeting minutes should clearly identify acceptance of funds, use of funds, and disbursement of funds received from BINGO or other games of chance.
- 4-H Club treasury records should also accurately reflect the above.
- According to the Internal Revenue Code, the price of raffle tickets, lotteries, etc. are not tax deductible as contributions.
- It is illegal for youth under the age of 18 to participate in games of chance.

Crowdsourcing

It is permitted to conduct fundraising online by using "crowdfunding" or "crowdsourcing" web sites if all money raised for 4-H purposes follows current 4-H policies and best practices, especially those pertaining to fundraising.

For more information on fundraising, please see Florida 4-H Policies and Best Management Practices Funds and Fundraising (<http://florida4h.org/policies/#funds>) and Conducting Raffles, Lotteries, and Games of Chance in Florida 4-H (<http://florida4h.org/about1/files/Conducting%20Games%20of%20Chance%20-%20>

[August%202012.pdf](#)). Information found on the official 4-H Policies page should always take precedence.

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