

September 2023

**Central Kansas
Extension District #3
Minneapolis Office**

307 N. Concord
Minneapolis, KS 67467-2140
(785) 392-2147
fax: (785) 392-3605
www.centrankansas.ksu.edu

Salina Office

2218 Scanlan Ave
Salina, KS 67401-8196
(785) 309-5850
fax: (785) 309-5851
www.centrankansas.ksu.edu

To: All 4-H Organizational Club Leaders

From: Jacob Schmeidler, 4-H Youth Development Agent, Central Kansas District

RE: Year End Financial Review Report

As your club prepares to close out the 2022-2023 4-H year books, it is time to begin to think about the financial review process. K-State requires that ALL 4-H club accounts, 4-H council accounts, etc. go through this process.

Enclosed you will find several forms. They are described below.

Volunteer Financial Review Committee Responsibilities: The annual internal financial review can be conducted by an internal financial review committee, composed of two or three members of the club. Committee members **should not** be signatories, or have family or financial relationships to the treasurer.

4-H Club Financial Review Check List: This is a check list to help you prepare for the annual financial review process.

4-H Club Annual Financial Report: This is the form that the Volunteer Financial Review Committee is to fill out in regard to your club accounts.

4-H Club Treasurer Job Description: Please share this with your newly elected treasurers. Inform them of this process so they will be prepared for the financial review process next year.

New for 2023 Financial Review: In addition to the enclosed documents, each club is required to submit copies of **every monthly bank statement for all club accounts** in the previous 4-H Year (October 2022 – September 2023).

It is important that your 4-H accounts follow these guidelines:

- Each 4-H club or Extension related bank account **must have two signatures** for withdraws (writing checks). I know that banks do not require two signatures, but K-State does.
- All club/group accounts must have their own federal employer identification number (FEIN) from the Internal Revenue Service. **No account should have an individual's Social Security Number listed.**
- An annual financial report must be filed with the District Extension Executive Board.

The Financial Review Report is **due to the Extension Office by November 15, at 5:00 p.m.** The report may be returned to either Extension Office. If you have any questions, please do not hesitate to contact me.

Enclosures

Financial Review Committee Responsibilities for 4-H Club/Group and Other Extension Affiliated Accounts

Kansas Extension law, as well as federal and state expectations for use of all funds generated in support of Extension programs, require the Director of Extension and Extension Board/District Governing Body to be accountable for all funds generated for Extension programs within their jurisdiction. In other words, the Director of Extension and the Extension Board/Governing Body are accountable for funds raised and/or collected by such groups as 4-H Clubs, 4-H Groups, 4-H Councils, Master Gardeners, etc. In order for the local extension unit to ensure compliance with financial requirements for 4-H Clubs/Groups and other Extension affiliated groups, a yearly financial review of those accounts is to be conducted by a Financial Review Committee. Approval of the reports should be documented by the local unit Board/Governing Body recording in their minutes a motion to approve the reports, including in the minutes the name of each 4-H club/group and other Extension affiliated groups. This review and board approval is required of all 4-H clubs/groups and other Extension affiliated groups.

Of most importance are the following principles:

- Each 4-H Club/Group or other Extension affiliated group bank account **should have two signatures for checks.**
- An annual financial report (KSU 4-3) must be filed with the Extension Council/District Board. A suggested deadline is November 1
- The local extension board should note in their minutes the receipt and approval of reviews, including the name of the club/group.
- All 4-H clubs/groups and other Extension affiliated groups with financial accounts must have their own employer identification number (EIN) from the Internal Revenue Service. **The Extension Council/District or 4-H Council numbers are specific and not permitted to be used by any other group.** Personal social security numbers may not be used for these groups.
- Use the 4-H Club Treasurer Job Description (KSU 4-4) in 4-H officer training.

The financial review process helps model lessons of accountability, the importance of keeping good records, and assures we are in compliance with state and federal expectations, as well as IRS requirements, for use of funds generated to support Extension programs.

Each year a financial review committee for other Extension affiliated groups, consists of at least three adults; *for 4-H Club financial reviews of treasurer books*, it is recommended two adults and two 4-H members to demonstrate youth-adult partnerships. **Committee members may not be signatories on the group or club's financial account(s) or have familial or financial relationships to the treasurer.** In the event you do not have enough members to make up a review committee or you are unable to do so because of familial or financial relationships to the treasurer, you could consider asking a neighboring club or non-member individuals to help complete the review.

The financial review committee should be concerned with the following objectives:

- Verification that established policies, procedures and internal controls are being followed in the daily operation of the program.
- Verification that accounting records and financial statements are accurate and complete.
- Verification that “Principles of Managing Funds for Extension Affiliated Groups” are being followed.

The financial review committee should make comments and recommendations regarding the financial records and procedures for the 4-H club/group and other Extension affiliated group. All areas of non-compliance (no matter how small) should be summarized by the financial review committee and brought to the attention of aforementioned groups and included in the financial report. The financial report is a permanent part of the financial records of the aforementioned groups and a copy should be kept with their records.

Resources:

Principles of Managing Funds for Extension Affiliated Groups

Tax Issues for Local Extension Offices

4-H Club/Group/Extension Affiliated Group Financial Review Checklist (KSU 4-2)

4-H Club/Extension Affiliated Group Annual Financial Report (KSU 4-3)

4-H Club Treasurer Job Description (KSU 4-4)

KSU 4-1 (July 2023)

4-H Club/Group/Extension Affiliated Group Financial Review Checklist

To better help 4-H Clubs/Groups and other Extension affiliated groups prepare for their annual financial review, a checklist has been developed to help guide you through this process. Your review process will be successful, if you address each of the following steps:

_____ **1. Financial Review Committee has set their meeting date well in advance of the November 15 due date to properly complete the Annual Financial Report.**

_____ **2. The Financial Review Committee membership** consists of:

- for other Extension affiliated groups, at least three adults
- for 4-H Club financial reviews of treasurer books, it is recommended two adults and two 4-H members to demonstrate youth-adult partnerships

Committee members may not be signatories on the group or club's financial account(s), or have familial or financial relationships to the treasurer. In the event you do not have enough members to make up a review committee, or you are unable to do so because of familial or financial relationships to the treasurer, you could consider asking a neighboring club or non-member individuals to help complete the review.

_____ **3. The following Financial Review Information has been compiled for the review:**

_____ Bank Account Number(s) for all financial accounts in the club or group's name and the names of all persons on the account(s).

_____ Club or Group FEIN (Federal Employer Identification Number) from the IRS (your local Extension Office will have this information if you cannot find it).

_____ Club or Group Budget and any addendum showing anticipated income and expenses for the year being reviewed.

_____ Bills for all Expenses and Receipts (from receipt book) for all Income

_____ All bank account statements and information beginning October 1, and ending September 30, showing all cancelled checks and deposits.

_____ Check register showing all checks issued indicating any voided checks.

_____ Completed Treasurer's Book (your local Extension Office has extra copies if you need one) provided from the Treasurer.

_____ Copies of meeting minutes showing treasurer's reports or other club financial report.

4. When performing the Financial Review the committee should consider the following procedures:

_____ Check each month's reconciled bank statement and canceled checks. Make sure that the check register postings are current and complete.

_____ Examine all voided checks. If a voided check is not on file, verify that the check has not cleared the bank.

_____ Total all funds received. Verify that receipts were written and that funds received were listed on the check register or ledger report.

_____ Total all deposits made to the bank account(s). This total should equal the total of all funds received.

_____ Total all expenditures. Verify that a written bill (or store receipt) is on file for each expenditure. Verify that all expenditures were paid by check, not cash. Review all checks for at least two (2) signatures.

_____ Examine the Annual Financial Report and/or the yearly summary of club expenses (see page 24 of the "The 4-H Treasurer's Record Book" 4-H 474, revised September 2012)

_____ The treasurer's total balance at the beginning of the year, plus all funds received, minus all expenditures, must equal the treasurer's total balance at the end of the year.

_____ Examine club/group minutes for monthly financial reports and club/group approval of all expenditures.

_____ Examine the club/group inventory sheet (if one is available) and make sure that a letter or receipt is on file for each item, documenting donor and value.

_____ Note up to five major financial events or activities of the club/group. Make sure the Income and Expense is listed for each. Some events may only involve income, some expense, and some both.

_____ Note any unusual expenses or income.

_____ Note any conditions or concerns after reviewing the club's financial records.

_____ Note any recommendations upon finishing the review, passing these on to the club/group Treasurer for adjustment as needed.

_____ 5. The 4-H Club/Group or other Extension Affiliated Group Annual Financial Report form is completed and returned to your local Extension Office by November 15.

Keep a copy of your completed Report with your club's financial records.

4-H Clubs/Groups not listed in the 4-H departmental database and not undergoing an annual financial review by the local extension board — or any other account not in compliance with this principle:

- will not be considered a formally authorized club/group/affiliate
- will not be considered a charitable organization according to the IRS
- cannot accept donations as tax-deductible
- will be subject to reconsideration of the privilege of using the 4-H name and emblem as decided by the State 4-H Program Leader
- will be responsible for registering and reporting as specified by the IRS as a “for-profit” business, subject to all associated tax filing and reporting responsibilities

_____ 6. The local extension unit board should approve the review form and note in the minutes the name of the club/group of each approved financial review report.

If you have questions or concerns regarding the annual financial review process feel free to contact:

Name: _____

Contact Information: _____

This document was adapted from a form developed by the Meadowlark Extension District.



4-H CLUB/GROUP or OTHER EXTENSION AFFILIATED GROUP

ANNUAL FINANCIAL REPORT

(to be completed by the Financial Review Committee)

Name of club or affiliated group _____ Unit Name _____
 Financial Review Date _____

Each year a financial review committee for other Extension affiliated groups, consists of at least three adults; for 4-H Club financial reviews of treasurer books, it is recommended two adults and two 4-H members to demonstrate youth-adult partnerships. **Committee members may not be signatories on the group or club's financial account(s) or have familial or financial relationships to the treasurer.** In the event you do not have enough members to make up a review committee or you are unable to do so because of familial or financial relationships to the treasurer, you could consider asking a neighboring club or non-member individuals to help complete the review.

Type of Acct. – Checking, Savings, CD	Account Number	Bank Name and Location	Beginning Balance October 1	Ending Balance September 30

Please list the organization's employer identification number or **IRS Tax ID# or EIN** _____
 The bank records are in the possession of: _____

ALL persons authorized to sign on the club or affiliated group financial account(s)

_____ Check here to indicate NO EXTENSION EMPLOYEES are authorized to sign for this/these account(s).

List at least the five major financial events or activities of your club or group from the past year. Please include the income and expense from each of these events. **NOTE:** There may only be INCOME or EXPENSE, simply list a zero as it applies.

EVENT or ACTIVITY	INCOME	EXPENSE
1		
2		
3		
4		
5		

(Please Complete Other Side)

List any expenses or income that looks unusual:

1. _____
2. _____

This certifies that the financial review committee has reviewed the record keeping and financial balances and finds that they (Please check one as it applies):

_____ Are in Order

_____ Will be in Order upon implementation of the recommendations listed below. (List below and return the form to your local Extension Office for further instructions or comments by the date due.)

_____ Require further review and action (Further review and actions should be done within 30 days of the original financial review if possible. Recommendations should be included on this form-use additional paper if needed. A written follow up must be submitted to your local Extension Office of any actions taken. Submit this form by the date due without signatures).

The 4-H Club/Group or Other Affiliated Financial Review Committee found the following conditions or concerns in the financial records (attach additional paper if necessary):

The 4-H Club/Group or Other Affiliated Financial Review Committee makes the following recommendations (attach additional paper if necessary):

We have examined the treasury records of the club or affiliated group and believe all expenses and incomes to be accurate.

*Name (Please Print)

Signature

Date

1. _____
2. _____
3. _____
4. _____
5. _____

*By signing I verify that I am not a family member of the treasurer of this account(s), am not personally a signatory on the account(s) and have adhered to all the guidelines established for a Financial Review Committee member.

PLEASE KEEP A COPY OF THIS REPORT FOR YOUR CLUB'S FINANCIAL RECORDS

*** * EXTENSION OFFICE USE BELOW * ***

Date First Received In Office _____ Reviewed/Received By _____

_____ 1. All submitted information appears to be in order. No follow up information or actions are needed.

_____ 2. Corrections or additional information is needed as indicated: _____

Date approval was in Extension Council minutes _____

This document was adapted from a form developed by the Meadowlark Extension District

KSU 4-3 (Dec 2020)

4-H CLUB TREASURER JOB DESCRIPTION

You are the keeper of the money for your club. Your job is more than just collecting and spending money for your club. You must also keep an accurate record of all money collected and spent. You must be able to report to the club where the money came from and what it was spent for. As you know money is important to people, therefore it is very important you keep good records of the money you handle.

1. Don't spend any money without club approval. Motion to pay bill, passed and recorded in minutes.
2. Write checks for all expenditures. Do not pay bills with cash. Have a bill and get a receipt.
3. Keep club money and your own money separate.
4. Don't use club money as a bank for yourself.
5. Use the *4-H Treasurer's Record Book - 4-H 474* to keep your records.
6. Keep all bills and receipts, and all other information. When in doubt keep it. You can't keep too much information.
7. Answer all questions truthfully. If you don't know, say you don't know but promise to get them the answer. Then get help from your leader and get the answer.
8. Prepare a budget to guide the club. Communicate to the club its financial position.
9. Provide the following information for the 4-H club "financial review" committee:
 - Club budget
 - Treasurer's ledger report (check register)
 - Financial Institution Statements (Bank Statements)
 - Canceled checks and deposit slips
 - Receipts of all income
 - Bills for all expenses
10. Have club "financial review" committee send "Financial Review Report" to the county/district extension office by November 1.

When you make your Treasurer's report -

Start with the previous balance. **"The beginning balance was \$_____."**

State all income and where it came from. **"Income was \$_____ from _____ and \$_____ from _____, for a total income of \$_____."**

State all expenses paid. **"Expenses were \$_____, for _____ and \$_____ for _____, for a total of \$_____."**

Finish with the ending balance. **"The closing balance is \$_____."**

(This is the actual balance you have on your records and in the bank.)

Present any outstanding bills for payment. **"We have a bill from _____ for \$_____ (amount) for _____ (what it was for)."** Have club members pass a motion to approve payment before you pay the bill (see #1 above).