

## **Principles of Managing Funds for Extension Affiliated Groups**

4-H Clubs/Groups, Master Gardeners and other groups under the jurisdiction of K-State Research and Extension who receive and dispense funds, including donations, registration fees, etc. must follow the principles of Managing Funds for Extension Affiliated Groups.

Extension Boards/Governing Bodies are not to manage the funds of FCE groups, livestock marketing groups, and marketing clubs.

Junior livestock auction sales monies are to be managed by the Fair Association/Board or a committee/third party so designated by the Fair Association/Board rather than the Extension Board or one of its affiliated groups.

### **Principle #1: Accountability for all Funds/Accounts**

All accounts and all expenditures of funds of the Local Extension Unit, from whatever source derived, are subject to approval of the Extension Board and the Director of K-State Research and Extension. The Director and local Extension Boards are accountable for all funds generated for Extension programs. This includes all funds collected/raised in the name of Extension 4-H Programs including clubs and other Extension affiliated groups.

### **Principle #2: Two Signatures Required**

While banks do not require this practice, for Extension financial management practices, all accounts should require two signatures for writing checks. Extension employees may not be signatory on any fund accounts. Those that are signatory on accounts should not be family members.

### **Principle #3: Receipt all Financial Transactions**

All funds should be receipted each time they change hands (i.e. at time of collection from payee, from the financial institution upon deposit, between any individuals to whom funds are transferred). Receipts should be available on request.

### **Principle #4: 4-H Accounts and the IRS**

All Extension affiliated entities with financial account(s) must have their own employer identification number from the Internal Revenue Service. All 4-H Club/Group(s) accounts must be included in the data base of approved clubs/groups/organizations maintained by the Kansas State University Department of 4-H Youth Development.

## **Principle #5: Financial Reviews**

All local Extension affiliated groups, including 4-H Clubs/Groups, are included in the tax reporting authority of local Extension Boards and must have their financial records reviewed annually by the local Extension Board. 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.

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

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