


**EXPANDING** *Quality Local 4-H Experience* **Best Management Practices**

Developed by:  
Texas 4-H & Youth Development  
Strengthening Clubs Initiative Team




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### Topics

1. Club Chartering
2. Club By-Laws
3. Financial Practices/Management




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### Club Chartering

- Why do clubs need to be chartered?
- What is involved in chartering a club?




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**Why we need to Charter?**

- The 4-H name and emblem is governed by congressional action.
- Permission for use of name and emblem can be given by County Extension Staff.
- Charters help ensure that clubs are functioning properly.

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**What is involved in Chartering?**

4-H Charter Application/Renewal Form

- |                         |                    |
|-------------------------|--------------------|
| 5 or more members       | 2 or more managers |
| Meeting location        | Elected officers   |
| 1 project/member        | Club name          |
| Club By-laws            |                    |
| Annual Financial Review |                    |

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**What is involved in Chartering?**

Additionally, the form must be signed by:

- Club president and treasurer
- Club managers

Approved by County Extension Agent

Chartering is renewed every year at the beginning of the 4-H year.

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## **Chartering Forms**

- <http://texas4-h.tamu.edu/adults/mgtguide/membershipunits/charter-clubs.pdf>

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## **Club By-Laws**

- By-Laws provide structure and a plan for how to conduct club business.
- By-Laws should be reviewed and approved each year by club membership.
- They must include a “dissolution clause”.

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## **Club By-Laws**

- Dissolution clause:  
States that any property, land or money of the club will be relinquished to the County 4-H program if the club dissolves or is not to be chartered for the next year.

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### **Club By-Laws**

- By-Laws should include the following:
  - Name & Objectives of the Club
  - Membership requirements
  - Officer Election and officer duties
  - Meeting information
  - Committees and their duties
  - Dissolution clause
  - Amendment procedures

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### **Club By-Laws**

- In general by-laws should not be made to address a specific problem or situation.
- By-laws should be general in nature, because if you get too specific you have to follow it to the “T”.
- i.e. Meeting information – 1<sup>st</sup> Monday of each month, Sept. – May vs. 1<sup>st</sup> Monday of each month at 8 PM at the Extension Office, Sept. – May.

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### **Club By-Laws**

- Sample By-laws:
  - [http://texas4-h.tamu.edu/publications/clubed/Sample\\_Bylaws.pdf](http://texas4-h.tamu.edu/publications/clubed/Sample_Bylaws.pdf)

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**Club Financial Management**

- Must maintain public trust.
- Establish accountability practices.
- Attend a cash management training given by County Extension Staff.
- Those responsible for handling funds must do so in an open, responsible and trustworthy manner.

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**Financial Management Procedures**

- Must have a clear-cut structure for responsibilities of everyone involved.
  - Names of those who may sign on the account
  - EIN (employee identification number) on acct., never ever use a social security number
  - Physical location of accounts
  - Names of those responsible for auditing acct.

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**Financial Management Procedures**

- Legal ownership of the funds is with the clubs, funds are under the control and management of the 4-H club, not employees of Texas AgriLife Extension Service.
- Do not use “County” in the name of the account nor “Extension” or “Texas AgriLife Extension Service”.

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**Financial Management Procedures**

- Maintain a record of financial activities:
  - Original invoices and receipts
  - Money received (date, from whom, amount, purpose)
  - Money spent (date, by whom, amount, purpose)
  - Names on signature card (update when needed)
  - Use a computer software program (Quicken©)

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**Financial Management Procedures**

- Record cash receipts and deposit daily
- Use serially numbered checks
- Make sure cash is handled securely
- Do not make checks payable to “cash”
- Use a check request form to authorize payment
- Reconcile statements every month
- Each club puts together a budget

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**Financial Management Procedures**

- The person who collects the funds and writes the checks should not be the same.
- The person who writes the checks should not be the one who reconciles the statements.
- Take care of returned checks immediately.

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### **Financial Management Procedures**

- Federal Income Tax
- A ruling issued to the Department of Agriculture by the Internal Revenue Service 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 591(c)(3) of the 1986 Code. A ruling issued to the Department of Agriculture by the Internal Revenue Service February 9, 1973, recognized that all affiliated 4-H organizations authorized to use the 4-H name and emblem by the Department of Agriculture are eligible for inclusion in the original ruling of April 24, 1946.

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### **Financial Management**

- 4-H in Texas is exempt from Federal Income Tax
  - 4-H clubs must file annually a form 990 or 990-N. [www.irs.gov/pub/irs-pdf/i990-ez.pdf](http://www.irs.gov/pub/irs-pdf/i990-ez.pdf)
  - Must have an EIN number from IRS. [www.irs.gov/pub/irs-pdf/fss4.pdf](http://www.irs.gov/pub/irs-pdf/fss4.pdf)

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### **Financial Management**

- 4-H is not state sales tax exempt!
- Groups may apply to be state sales tax exempt for a particular event or period of time.
- Work with your County Agent.

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### **Financial Management**

- Remember:
- Handling of finances should be done in an open, responsible and trustworthy manner.

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### **4-H Fund Raising**

- Raising funds in support of the 4-H program is greatly encouraged.
- United Way Funds, most agreements say that you cannot raise additional funds.
- Keep in mind that 4-H has an image to uphold – choose carefully what you do.

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### **4-H Fund Raising**

- Notify your County Extension Staff of intent to conduct a fund raising project.
- Fund Raising Planning & Organization
- <http://texas4-h.tamu.edu/adults/mgtguide/resourcedev/FundRaisingPlanningSheet.pdf>
- Product Sales (candy, jewelry, clothing, etc..)
- Concession Stands
- Service Methods (car washes, contests, etc..)
- Drawings (shotgun, side of beef, etc...)

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