

Planning a 4-H Group's Finances

A Budget

A budget should not include expenses greater than the group's projected income. Once established, a budget can be changed or altered by vote of the membership.

It is strongly recommended that a 4-H group prepare an annual budget. A budget is a written plan for raising and spending money for a set period of time, usually one year. Developing an annual 4-H budget provides several advantages. First, all the members are involved in thinking about the year ahead and what expenses may arise. They must also think ahead about how the group will have the financial resources to pay the expected expenses. These discussions are a valuable part of planning the 4-H activities for the coming year. Once a budget is developed and approved by the members of the group, it is not necessary to seek approval for payment of items already listed in the budget. It should be reviewed and voted upon each year to make sure the information is accurate and still is applicable to the group at that time. If a group does not create a budget or items arise that are not parts of the budget, each item needs to be presented to the members for approval before it can be paid. In addition, 4-H groups should be reviewing their budget regularly to see where their income and expenses are. See Figure 1 (on page 7) for a sample of one group's yearly budget.

Checking and Savings Accounts

Setting Up an Account

All Michigan 4-H groups, other than 4-H SPIN clubs, are required to have an Employer Identification Number (EIN) and a charter. The EIN and charter are key documents needed to establish a checking or savings account.

While every Michigan 4-H group that has funds is strongly encouraged to have a checking or savings account, each Michigan 4-H group that has a minimum of \$100 in its treasury for more than 30 days **is required** to have a checking or savings account. Each 4-H group is required to have at least two active gold-level volunteers to be signatories on the account. Signatories cannot be immediate family members. If a financial institution will allow it, it is also recommended that a youth treasurer be a signer on the account.

When selecting a financial institution, some considerations are to: (1) investigate financial institutions (both credit unions and banks) to find one that provides the best service to meet the 4-H group's needs. Work with the group's administrative leader and (2) ask about required minimum balances, monthly service fees, check-writing fees, etc. If the institution knows the account is a learning experience for the group members and that 4-H is a nonprofit, it may be able to make different arrangements, or waive fees or minimum balances.

In setting up the account, remember:

- ▶ The name on the account must exactly match the group name on the EIN and group’s charter.
- ▶ The account address must be that of the local MSU Extension office so account statements are mailed there. 4-H staff will make a copy for the group file and forward the statement to the volunteer within 10 days. E-statements are strongly encouraged; inquire if statements can be emailed to the MSU Extension office **and** the 4-H leader and treasurer.
- ▶ Follow the checklist on page 43 of this publication.

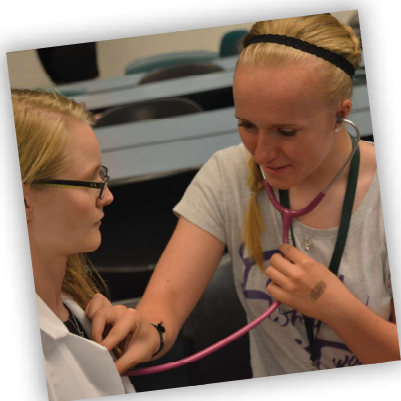


Figure 1. Sample of a Group Budget.

Income		Expenses	
List profit from fundraising events, dues, donations and other money the group anticipates coming into the group.		Include equipment, rental fees, supplies, refreshments, postage, its financial institution’s fees, insurance costs, etc. Consider all potential money the group will spend out of its treasury.	
Event or Activity	Estimated Income	Event or Activity	Estimated Expenses
Fundraising – Car wash	100.00	Fundraising expenses – Car wash	10.00
Member dues (\$5 x 20 members)	100.00	Fundraising expenses – Cookie sale	0.00
Donations	50.00	Fundraising expenses – Valentine’s Day cards	10.00
Fundraising – Cookie sale	150.00	Educational resources - 20 <i>Build Your Future</i> journals and 2 leader guides from 4-H Mall	246.90
Fundraising – Selling Valentine’s Day cards	200.00	Supplies – T-shirts	80.00
		Craft supplies for fair	60.00
		Sponsorship for 2 youth to a Kettunen Center workshop	150.00
		Payment of sales tax for Valentine’s Cards	11.32
Total	\$600.00		\$568.22