

4-H MONEY MATTERS FACT SHEET

EXCESS FUNDS AND A 5-YEAR PLAN

Excess Funds Background:

- 4-H Clubs and Groups must practice financial policies that retain nonprofit status and eligibility for chartering as a subsidiary of the Colorado 4-H Foundation.
- All 4-H funds must be used for 4-H Youth Development educational programs. All 4-H funds are public funds and must be open and accountable.
- 4-H Clubs and Groups are expected to be raising money for the next fiscal year, while spending money that was raised in the previous fiscal year.

What are Excess Funds?

- Colorado 4-H Clubs/Groups may have funds to cover the current year's projected expenditures plus one additional year's expenditures in their accounts OR \$1,000, whichever is greater.
- A 4-H Club/Group must determine its individual one year's annual projected expenditures. To compute this figure, take the average of the 4-H Club/Group's last five year's annual expenditures. This is the 4-H Club/Group's target number or their annual projected expenditure. The formula for projected expenditures:

Projected Expenditure = Sum of last five year's actual expenditures divided by five. (Example: $\$500 + \$600 + \$1000 + \$400 + \$500 = \$3,000 \div 5 = \$600$ as the annual projected expenditure.)

- At no time during the fiscal year can a 4-H Club/Group hold over two times the projected expenditures OR \$1,000, whichever is greater in the sum total of all of their financial accounts. The formula for the ceiling limit or maximum for all financial accounts follows:

Ceiling limit or maximum sum of all accounts during the fiscal year – two times projected expenditure. (Example: $\$600 \times 2 = \$1,200$ is the ceiling limit for the sum of all accounts throughout the year.)

- If a 4-H Club/Group exceeds the limit, the Club/Group must work with the 4-H Youth Development Agent to develop a 5-year plan to spend down the excess funds or to transfer the excess funds to an endowment fund with the Colorado 4-H Foundation.
- Examples:
 1. If a 4-H Club/Group's annual projected expenditure is \$50,000, it cannot have any more than \$100,000 in a total sum of ALL of their financial accounts at any time during the fiscal year. (This includes checking, savings, money market, CD's, etc.) If the sum of all their financial accounts is \$102,000, they would need to communicate with the 4-H Youth Development agent for assistance to develop a 5- year plan to spend down the \$2,000 or the development of an endowment plan with the Colorado 4-H Foundation.
 2. If a 4-H Club/Group has projected annual expenditures of \$500 or less, the 4-H Club/Group may have up to \$1,000 in its bank accounts without having to make a 5-year plan or transfer that money to an endowment fund with the Colorado 4-H Foundation.
- If the 4-H Club or Group is saving for a specific programmatic objective, an overage of the ceiling limit is approved IF a preapproved programmatic plan is in place. The plan must be accomplished within five years of its development and approval. This plan needs to be in writing. Approval is granted from the 4-H Youth Development agent. Extensions of the 5-year-plan implementation will not be approved.

What is a 5-Year Plan?

- A 5-year plan for spending down excess funds must relate to an actual and specific youth development goal that can be accomplished in five years. The 5-year plan should have specific steps that can be accomplished in each of the five fiscal years it encompasses. The goal must not only be what funds are being used for, but include what the youth will actually gain as a result of the funds being disbursed.
- If, after the first year of the plan, a group is not taking the actions laid out in the plan, steps should be taken to move the funds to an endowment fund with the Colorado 4-H Foundation. The plan should only be updated to spend the money sooner, or to spend more money within the same time frame. If groups cannot complete their plan within the scheduled five years, steps should be taken to move the funds to an endowment fund with the Colorado 4-H Foundation.
- If new excess funds become available that may be subject to a 5-year plan, that money can be spent on an ongoing five year plan, within that plan's original 5-year time frame. Otherwise a new and separate 5-year plan should be drawn up for that money.
- It is recommended that 5-year plans actually be developed for a shorter time frame such as two or three years.
- Plans need to be in place by January 1.



Actions Needed

- Volunteers in leadership roles with 4-H Clubs and Groups should be aware of their financial situation. This includes:
 - o 4-H money is being handled appropriately as per the Colorado 4-H Youth Development financial policies.
 - o Knowledge of the 4-H Club or Groups annual projected expenditures.
 - o Ensure their fiscal accounts are within the allowable fund limits.
 - o If the club/group determines it is holding excess funds, begin an appropriate 5-year plan based on a specific youth development objective that will spend down the excess funds or put into an endowment plan with the Colorado 4-H Foundation.
- 4-H Youth Development Agents should be aware of the 4-H Clubs and Groups that have excess funds in their accounts and assist them in developing an appropriate 5-year plan. This can be done through communication with volunteers and review of the 4-H Annual Financial Reports that are part of the State 4-H Charter Renewal process.
- A sample worksheet that can be used for the written 5-year plan is attached.

For More Information: Colorado4h.org

Developed by Sue Pleskac, 4-H Youth Development Specialist, UW-Extension. Adapted with permission for Colorado 4-H, 11/14.



4-H Excess Funds 5-Year Plan

Name of 4-H Club or Group: _____

Today's Date: (M/D/Y): _____

Amount of Excess Funds that Must Be Spent Down or Invested: _____

Specific Youth Development Goal: _____

Date for Completion of Disbursement of Excess Funds (This must be within 5 years of today's date): _____

Specific Steps to Accomplish Goal:

Specific Step (add steps as needed)

Date to be Accomplished

Person Responsible

Specific Step (add steps as needed)	Date to be Accomplished	Person Responsible

Submitted By:

4-H Volunteer

Today's Date

Approved By:

4-H Youth Development Agent

Today's Date