



## *Local Club Or 4-H County Program Raising Funds For 4-H Endowment*

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The Alabama 4-H Foundation may provide an Endowment account as a “service” to county 4-H councils, area 4-H councils, or other affiliated 4-H groups from which 4-H directly benefits. This allows the 4-H affiliated organization to place funds in an already established 501©3 organization that is audited and files a Form 990 annually. Each account accrues income through interest dividend/capital gains distributions. Such an account is not to be used as a checking account, as funds may only be requested at a specific time per fiscal year.

A written agreement shall be drawn up between the Alabama 4-H Club Foundation and the affiliated 4-H organization. The agreement shall include the title, objective, purpose for which funds may be used, initial amount, criteria, and administration. The affiliated 4-H organization shall specify the length of time for which the funds is to be invested before a payout of income/gain or principal is to be made available. The organization shall also specify any other investment limitations placed on the funds.

A minimum requirement of \$5,000 is required to establish an Endowment account.

On an annual basis (October 1 – September 30), 90% of the growth of the funds will be made available to the 4-H affiliate for their use in the designated 4-H areas funds originally were secured for. The 4-H affiliate will receive an accounting of funds available for the year (based on the 90% growth) and will be given an opportunity to make a request for funds. A minimum amount requested at one time shall be \$250 up to the balance of the annual growth minus 10%. Upon receipt of the request, the Alabama 4-H Club Foundation will allocate funds to the 4-H affiliate for their use in the designated programs areas.

The 4-H affiliate will be made aware that the possibility of a loss rather than a gain exists in a fluctuating financial market.



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Once the funds are placed into an endowment with the 4-H Foundation, they cannot be removed.

The funds will be managed by the 4-H Foundation and will receive the benefits of being included in a larger pool of funds, managed by a professional investment firm. In addition, they will receive the benefit of being included annually in the 4-H Foundation tax accounting and will be reported by a professional tax accounting firm.

The county will not have to pay for these funds management services.

Local 4-H Endowment opportunities and their minimum fund requirements:

1. 4-H local program endowment - \$10,000
2. 4-H local camp scholarship fund - \$10,000
3. 4-H local recognition fund - \$10,000
4. 4-H local county agent position – \$1 million

State 4-H Endowment opportunities and their minimum fund requirements:

1. State 4-H Youth Development Chair of Excellence – \$1 million
2. State 4-H Project Endowment - \$25,000
3. State 4-H Program Area Endowment - \$100,000
4. State 4-H Camp Scholarship Endowment 0 \$25,000