

FINANCIAL POLICY

A. Purpose

This chapter contains general guidelines and operating procedures that outline the accounting system, finance functions and payment authorizations for the Master Gardener Foundation of Thurston County (MGFTC).

B. Scope

These policies apply to all persons who may have a financial interest in the Master Gardener Foundation of Thurston County either by seeking reimbursement of funds, donating funds or providing proper accounting of Foundation monies.

C. Procedure

1. General

In keeping with the Mission, Vision, and Goals of the Foundation, we are committed to providing sound accounting practices by providing timely and accurate income and disbursement processes.

Financial statements are prepared using the accrual accounting method. The accounting period runs January 1 through December 31 of each year and becomes the budget year.

2. Administrative

Monthly financial statements shall be completed and presented to the Board by the Treasurer.

3. Banking

a) *General*

The Master Gardener Foundation of Thurston County shall direct the Foundation Treasurer to choose a financial institution which provides the most appropriate services for the lowest cost. The financial institution should have at least one branch in Thurston County.

The financial institution must have the capability of receiving and processing credit card payments.

b) *Deposits*

In general, the deposits are to be made as soon as possible after receipt by the treasurer.

All cash received outside of special events shall be accompanied by a written receipt which includes the amount received, name of purchaser or donor if known, reason for money exchange, person receiving the money and the date.

Special events receipts may have a cash register tape in lieu of a receipt, along with a cash receipts log. The log must show the cash denominations, number and amount of checks and be signed by the person receiving the moneys. This log is given to the treasurer who counts the money again and signs the log. The log is retained in the permanent files for documentation.

c) *Bank Reconciliation*

Bank reconciliations will be prepared and balanced on a monthly basis. The supporting documentation for expenses and income should be matched to the bank statement and maintained in the permanent files.

4. Investment Policy

a) *Preservation of Capital*

The foundation board should make reasonable efforts to preserve capital within the limits of each annual budget, understanding unforeseen needs may arise.

b) *Risk Aversion*

Understanding there is risk involved in all types of investments; the Foundation board and specifically, the treasurer will make all reasonable efforts to control risk.

c) *Adherence to Investment Discipline*

The Foundation board is expected to adhere to the investment policies stated.

In order to meet its needs, the investment strategy will emphasize total return with consideration for generating current and future incomes.

- Primary Investment Objective: Income – to maximize the return on capital to aid in the needs of the Foundation.
- Secondary Investment Objective: Long Term Growth of Capital - to emphasize long-term growth of principal, while avoiding excessive risk.

d) *Need for Liquidity*

Funds are to be held in a combination of short and long term instruments in order to assure ample liquidity.

A cash reserve (rainy day fund) of at least, \$5,000 will be maintained and invested.

e) *Prohibited Investment and Investment Strategies*

No investment of foundation monies will be made into high risk or speculative endeavors. This is to protect Foundation monies from unauthorized use in

investments and strategies that are inconsistent with the Foundation's view of what is appropriate.

5. Payments and Reimbursements

a) *Payments to Vendors*

Accounts payable should be paid early enough to take advantage of any discounts or before charges apply.

Before a payment is made the invoice should be reviewed to ensure:

- The goods were received or services rendered
- The invoice was approved by the appropriate person
- The proper Foundation account is identified.

Payments will always be made by check.

In the situation where the requester wishes the Foundation Treasurer to pay the vendor directly before the goods or services are received, the requester will provide a written estimate by the vendor to the approval authority using the Master Gardener Foundation Reimbursement Request form. The estimate should contain an itemized list of goods or services, prices, taxes and a date showing the length of time the estimate is valid. The approval and appropriate check must be acquired within the time frame specified so that the requester can complete the transaction with the vendor.

At the completion of the transaction, the requester will provide a finalized itemized invoice showing amount paid and date of transaction. The final invoice will be provided to the Foundation Treasurer no later than two weeks after the transaction to associate with the original RR and estimate.

b) *Reimbursements to Master Gardeners*

The MGFTC recognizes that cash expenditures by members are necessary to support program and project goals and that these expenses, if budgeted in advance, are reimbursable.

All requests for reimbursement will be documented by using the Master Gardener Foundation Reimbursement Request form (Appendix A), with appropriate receipts attached. The RR is not to be used for blanket, undocumented approvals. Reimbursements will not be made for more than the amount of the receipt(s) nor without an approval signature.

If any person wants to spend money that is in direct support of the demonstration gardens or program activities, that person needs to get the approval of the garden lead or Program Manager prior to purchase to assure appropriateness

and budget availability and must have the RR approved by the Program Manager.

If any person wants to spend money that is in direct support of the Foundation's activities, that person needs to get the approval of the project lead or chair prior to purchase to assure appropriateness and budget availability.

A completed and signed RR form with receipts are then submitted to the Foundation Treasurer in person, by mail or placed in the treasurer mailbox at the WSU Extension office clinic.

Any discrepancies found by the treasurer will be discussed with the approving authority and/or the requester, prior to payment.

6. Speaker Reimbursement

Speakers will be offered a reasonable fee, in addition to mileage where appropriate. A typical stipend of \$50 is suggested. The reimbursement process is the same as described above.

7. Mileage Reimbursement

Requests for mileage reimbursement will be limited to the state representative and invited speakers to MFGTC functions. The mileage rate will be the current rate allowed by the Internal Revenue Service for business reimbursement. Any request for reimbursement for lodging and/or meals must have receipts to be accepted.

8. Budget

Each year in October, the treasurer will prepare a draft budget for the following year. The budget will be prepared in conjunction with the project leads or chairs, garden leads, or any other key persons.

The draft budget will be presented to the board at the November board meeting, in anticipation of adoption prior to the December annual meeting. The Program Manager will present the proposed budget for the demonstration gardens. After approval by the board, the budget will be presented to the foundation membership for adoption at the October annual meeting.

9. Taxes, Insurance and other Fees

The treasurer will assure prompt filing and payment of any taxes or other filings necessary to the functioning of the Foundation.

10. Financial Reviews

a) *Meeting Reports*

The Foundation treasurer will compile and present monthly reports to the Foundation board or upon request.

b) *Investments*

To assure continued relevance of the guidelines and objectives established in this statement of investment policy, the Foundation board will review the investment policy annually. Any change in investment strategy must be voted and agreed to by the Foundation board.

c) *Financial Records*

An independent review of the financial records will be conducted annually to assure appropriate money handling procedures have been met. The independent review should be initiated in January and the results presented to the Foundation board no later than April 1 of the same year.

11. In-Kind Donations

In-kind donations refer to non-cash contributions received by a nonprofit organization. The following types of in-kind donations may be received by the MG Foundation:

- Donated goods for the foundation's own use (such as furniture, computers, vehicles, office supplies, etc.)
- Donated goods that the foundation can sell.
- Donated professional services that save the foundation the cost of hiring a professional to perform the services (such as accounting, legal or consulting services).
- Donated facilities that save the foundation the cost of renting the facilities.

Donors should ask before delivering goods, the foundation may not be able to use or easily sell what they are offering. We should ask the donor to provide a written statement or some other form of documentation of the market value of the in-kind contribution (receipts for example in the case of purchased fabric or other materials for the direct use by the foundation). The foundation should not set a value on the donation. The value of the donated article(s) and the tax consequences of a donation to a nonprofit organization are the donor's responsibility (and the donor's accountant's responsibility). The donor's value can be accepted by the foundation for its own accounting purposes, or may decide to assign a different value after doing some research. In the case of plant donations, the Plant Sale Committee could designate a value based on potential of earned income from the sale. The use of historical data or an assigned formula might be considered in setting a value.

The foundation should report receipt of in-kind donations through its accounting system. For details on posting these kinds of donations, see the treasurer's procedures which are a separate attachment to this handbook.

The foundation should acknowledge all in-kind donations as it does monetary donations. That is, as a "thank you" letter where item(s) received with a

designated value are mentioned. For inexpensive goods send an acknowledgement that mentions the donation, but not dollar value. The MG treasurer has several templates for acknowledging various types of donations.