

General Financial policy and procedures for Master Gardener Foundation of Chelan County

This financial policy and procedures document is intended to clarify the roles, authorities, and responsibilities for essential financial management activities and decisions for the Master Gardener Foundation of Chelan County.

Basis of Accounting - The Master Gardener Foundation of Chelan County uses the cash basis of accounting, the **accounting method** wherein revenues are recognized when **cash** is received, and expenses are recognized when paid.

Throughout the fiscal year, expenses are recorded into the month in which they are paid. Optimally the books are closed no later than the week after the close of the month. Invoices received after closing the books for the month will be recorded the following month.

At the close of the fiscal year, this rule is not enforced. All expenses that should be accrued into the prior fiscal year, are so accrued, in order to ensure that year-end financial statements reflect all expenses incurred during the fiscal year. Year-end books are closed no later than 90 days after the end of the fiscal year. Revenue is always recorded in the month in which it was received.

Bank Reconciliations - All bank statements will be opened and reviewed in a timely manner. Bank reconciliation and approval will occur within 30 days of the close of the month. All bank statements and cancelled checks will be opened, reviewed, and reconciled by the Treasurer upon receipt. The Treasurer approves reconciliation reports by signing and dating the report.

Recordkeeping – All hard-copy financial records will be maintained in the Extension Office for five years following the close of the fiscal year.

All Foundation financial records will be digitally backed up on a secure system. Annually, the board in consultation with the Treasurer shall agree upon the back-up procedure to use for the current fiscal year.

Financial records will be kept by the Treasurer, in a file at the Extension Office unless there are extenuating circumstances, and it is approved by the board. Filing is maintained by the Treasurer on a monthly basis.

Check Signing – One board member's signature is necessary for checks under \$100. If the check is over \$100, two board members' signatures are necessary.

Conflict of Interest – WSU Master Gardeners must avoid any possible conflict of interest or what may appear to be a conflict of interest.

Budgeting Process - The Foundation's annual budget is prepared and approved annually for all gardens, projects/programs, and committees funded by the Foundation. The budgets are prepared and submitted by the garden managers, project/program managers, and committee chairpersons. The preliminary annual Foundation budget is reviewed by the Board of Directors for recommendation to the membership. The Board of Directors may set budget priorities, emphasis areas, or projects for special consideration. The annual budget is to be approved by a

quorum of the membership (as outlined in the by-laws) prior to the start of each fiscal year. The budget can be revised during the year only if approved by the Board of Directors.

Internal Financial Reports - The Treasurer is responsible for producing the following year-to-date reports within 30 days of the end of each month: Statement of Financial Position, Budget vs. Actual and updated financial projections.

Audit and Financial Reviews - The Foundation will conduct a formal audit every five years or more frequently. An in-house financial review will be conducted annually. The financial review will be conducted by a Board-appointed committee of members of the Foundation. The review committee should review financial practices such as check approvals and proper signatures, checking account balance and payments, and other financial transactions, as appropriate.

The Board of Directors is responsible for selecting a financial review committee. The Treasurer is responsible for obtaining and overseeing the external audit.

The Board of Directors review financial reports at each Board meeting, and the Treasurer presents reports to the Board of Directors at those meetings.

Tax Compliance – The treasurer is responsible for ensuring that the Foundation is following the required tax regulations and filing requirements.

Revenue & Accounts Receivable - The Foundation will have a cash box at all special events where cash is exchanged. The project manager or chairperson is responsible for the cash box and shall develop specific cash-handling procedures for the special event.

Checks received by the Foundation are for deposit only. The Treasurer is responsible for depositing all cash and checks received. Checks and cash shall be deposited as expeditiously as possible. Cash and checks are kept secure by the Treasurer until they are deposited. Special events may develop specific procedures for handling and depositing cash and checks.

Petty Cash – The Foundation does not maintain petty cash on a routine basis. Some special events may use a petty cash system. Each special event manager is responsible for developing a petty cash procedure.

Expense Reimbursements

- **Lines of Authority** – Each garden manager, committee chairperson, or project manager must approve expenses for their respective areas of responsibility prior to the expenses being incurred.
- **Reimbursement** – To receive reimbursement the individual incurring expenses must fill out the MG expense form and have the appropriate manager or chairperson approve and sign the reimbursement form. When expenses are incurred by a chairperson, garden manager or project manager, a Foundation board member will approve and sign the reimbursement request. The requestor must also sign the form. All receipts must be attached and submitted to the Treasurer for reimbursement.
- When the Foundation moves to an online bill paying system, MG expense reimbursement forms must be signed by one board member if under \$100 and two board members if over \$100.

- Travel expenses for volunteers generally are not reimbursable. Any traveler seeking reimbursement must have prior approval by the Board of Directors for reimbursement.
- No advance of funds will be authorized. Direct and necessary expenses related to carrying out responsibilities shall be reimbursed by the Treasurer.

Credit Card – The Foundation has a credit card. The card is housed at the Extension Office. Specific use of the card needs to be approved by the Board of Directors.

Gift Acceptance

MG Foundation will accept stock or other negotiable instruments as a vehicle for donors to transfer assets to the organization. Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with accounting standards. The Treasurer, with the Board's approval, shall sell any stock given to the organization immediately upon receipt by the organization.

The Foundation shall accept contributions of goods or services other than cash that are related to the programs and operations of the Foundation. Any other contributions of non-cash items must be reviewed and approved by the Board of Directors before acceptance.

Asset Management

In order to ensure that the assets of Foundation are adequately protected and managed, the Board of Directors shall:

- Insure against theft and casualty losses to the Foundation and against liability losses to Board members, volunteers, or the organization itself to levels indicated in consultation with suitable professional resources.
- Plan and carry out suitable protection and maintenance of property and equipment.
- Avoid actions that would expose the organization, its board, or its volunteers to claims of liability.
- Protect intellectual property, information and files from unauthorized access, tampering, loss, or significant damage.
- Receive, process and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.

Cash Management and Investments

The Foundation's checking and savings accounts are with Cashmere Valley Bank. The Treasurer has access to the accounts and is the manager of the accounts. There is no dollar limit on the amount of cash in either of the accounts. Should there be a need to transfer funds from one account to the other, the Board of Directors must approve such a transfer.

Except for stock ownership, there are no restrictions about where funds may be invested. The Treasurer, working under the guidance of a certified financial planner, is responsible for the Foundation's investments.

Inventory

The Foundation has an inventory of tools and other equipment necessary to complete its mission. Each garden manager, committee chairperson, or project manager will develop a procedure for tracking the equipment and supplies.

Operating Reserve

The target minimum reserve fund for the Foundation is \$4000. These reserve funds are intended to meet any financial obligations the Foundation may have if, and when, the Foundation ceases to exist.

- The amount of the reserve will be reviewed each year after approval of the annual budget, and it will be included in regular financial reports.
- The reserve will be funded with surplus unrestricted operating funds. The Board of Directors may, from time to time, direct that a specific source of revenue be set aside for reserves.
- To use the reserves, the requesting party will submit a request to the Board of Directors. The request will include the analysis and determination of the intended use funds as well as plans for replenishment. The organization's goal is to replenish the funds used within 12 months to restore the reserve fund to the target minimum amount.