



MASTER GARDENER FOUNDATION OF KITSAP COUNTY BUDGET CREATION AND MAINTENANCE POLICY

BACKGROUND

The Kitsap County Master Gardener Program (the "MG Program") is part of the statewide Washington State University Extension Program. Kitsap's MG Program is managed by the local WSU Extension Office under the leadership of the Horticulture Coordinator.

The Master Gardener Foundation of Kitsap County (the "Foundation") is an independent, non-profit corporation organized under the laws of the State of Washington and recognized by the IRS as a tax-exempt 501(c)(3) public charity. The Foundation was created to enhance and supplement the financial resources provided to the MG Program by WSU, which historically have not been sufficient to cover the scope of activities in which Kitsap Master Gardeners would like to engage.

The Foundation raises funds through its plant and merchandise sales, auctions, seminars and other events, and by soliciting grants and donations of money, services and materials from Kitsap residents, community organizations and businesses.

The Foundation spends its money in three ways:

1. Making donations to the MG Program.
2. Covering the costs of its own operation as a non-profit corporation
3. Paying for the expenses associated with raising the funds needed for the first two categories of expense.

Prudent management of the financial resources of the Master Gardener Foundation is the responsibility of the Foundation Board. The Board endeavors to manage the Foundation's assets in a manner that is responsive to and constructive for both the current needs and the long-term sustainability of the MG Program. Ensuring the sustainability of the Foundation and its ability to contribute to the MG Program is part of fulfilling that mission.

GUIDELINES

The annual budget is the Foundation Board's best informed estimate of the year's upcoming financial activity. The Finance Committee is responsible for developing the annual budget and presenting it to the Board for discussion and approval. The Foundation Treasurer is the Board ex-officio member on the Finance Committee.

The Finance Committee's proposed annual budget includes an asset allocation plan (reserves) and an expenditures budget (income and expenses) for the new fiscal year.

This policy addresses Foundation financial planning and decisions only. The WSU Extension Horticulture Coordinator is responsible for designing and executing a budget process for requesting those funds from the Foundation that are to be donated to the MG Program and for tracking the use of those funds.

The Foundation Board has the fiduciary responsibility of managing the organization's resources. Therefore, reviews of the performance to budget should be held on a regular basis during monthly Board meetings.

PROCEDURES

In the fall, the Board organizes the Finance Committee and solicits funding requests from the Horticulture Coordinator and from Committee Chairs as it develops plans for the coming year. During this period, the Finance Committee and Treasurer work together to present recommendations to the Board about how the Foundation's resources should be distributed.

Development of the proposed budget makes use of the latest current year's income-and-expense report, of reports and recommendations from the Audit, Programs, and Resource Development Committees, of reports and recommendations from special committees known or anticipated to incur costs in the coming year, and of proposals from the Horticulture Coordinator for expenses related to the MG Program (for example, clinics and learning gardens, Extension Office administrative expenses).

The Finance Committee's proposed budget shall address two broad categories: an overall asset allocation plan (to include the reserve accounts and their recommended funding levels), and an itemized expenditures budget (income-and-expenses) for the coming year.

The **Reserve Accounts** are as follows:

1. **An Emergency Reserve** to cover unexpected costs incurred by the Foundation or the Master Gardener Program as a result of fires, floods, theft, vandalism, legal claims, tax audits, wrapping up the business of the Foundation in the event of its dissolution or insolvency, and similar unforeseeable events beyond our control. This account shall not be tapped to cover the cost of fundraising, non-emergency capital expenses or other ordinary expenses.

2. **A Savings Reserve** to cover the cost of foreseeable expenses that will be incurred at a date in the future including:
 - (a) the cost of extraordinary fundraising events and
 - (b) capital costs that might impair the Foundation's ability fully to fund ordinary expenses if the entire amount of such capital cost were taken out of a single year's income.

3. **An Income Averaging Reserve** to retain funds after high income years in order to maintain more level funding to Foundation and MG Program activities during predictably lean income years (as are the years between extraordinary fundraising events) and when extraordinary fundraising events are delayed beyond the year in which they were expected to be held.

The proposed **expenditures budget** makes use of the spreadsheet categories adopted by the Treasurer in her or his monthly reports to the Board and any other entries deemed useful or necessary by the Board.

Absent unusual circumstances, the Board adopts the Foundation's annual asset allocation plan (how much will be spent now and how much will be saved for future needs) and expenditure budget (how much will be spent for which specific activities during the coming year) at its first meeting of the calendar year, and no later than its February meeting. Following adoption of the annual budget, the Board may authorize donations to the MG Program according to the Foundation's Disbursement Policy.

Recommended Timeline to create a new annual budget:

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| October-November | The Finance Committee requests Foundation committee chairs and the Horticulture Coordinator to formulate income and expense estimates for the coming fiscal year. Estimates should be received by the Treasurer no later than the end of November. |
| December | The Finance Committee will remind all parties of the timeline, and continues development of the new budget and the asset allocation plan. Board discussions continue on the budget. |
| January | The Finance Committee presents the proposed budget to the Board and answers any questions. Board may vote to adopt the budget, or may make adjustments and request an amended proposed budget. |
| February | If delayed beyond January, the Board discusses and votes to approve the budget, in total, at the regularly scheduled Board meeting. |

Circumstances may arise during the year affecting budget allocations, and these may be addressed on a case-by-case basis. The Appendix provides general guidance (see Donations and Grants Policy for further guidance). Every request for funds not already allocated in the budget must include a business plan and timeline and must be distributed to the Board at least one week prior to a regularly scheduled Board meeting.

Appendix – Amendments to an Adopted Budget

Income higher than expected	Not a problem *
Income lower than expected	Board reviews the budget as is prudent (e.g. after a significant fundraiser) and takes remedial action (reduce spending, tap savings, or create a new fundraising activity).
Expense lower than expected	Not a problem*
An Expense line item in the	This is a normal expense item that wasn't estimated budget is higher than expected closely enough. Treasurer will ask Board to increase the annual spending amount to the new adjusted total.
Expense is a new line item in	Treasurer works with committee chair to ascertain an already approved project, the correct dollar amount, and takes that to the Board for approval at the next regularly scheduled Board meeting.
Expense is a totally new project	Project must have business plan and timeline that show budget income and expense amounts and time they will occur. Assuming Board approval of project, the Treasurer will incorporate the new amounts into the annual budget. Treasurer will also work with the committee chair to project cash flow, if necessary.

* *May be too much unspent cash, check with CPA for tax implications*