

MGC Financial Policies & Procedures

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Overall Finance Policies

1. Requests for budgeted monies may be requested through MGC's accountant. All requests for reimbursement or payment from any MGC corporate or reserve account must include a completed reimbursement or payment request form and copies of all receipts, invoices, or contracts. Electronic format is required.
2. Before distributing funds from any account under the MGC EIN; District, MAAJ, MCC or other MGC payments must be approved by the appropriate District Director, District Treasurer, MAAJ or MCC Chair or the appropriate Officer of MGC.
3. All requests for mileage reimbursement must include a completed MGC Reimbursement Form and a list of each trip, the location, purpose, date and the mileage. District Directors will only be reimbursed for travel to clubs or locations within their District to support District activities.
4. Reimbursement for travel other than by District Directors, President, or 1st

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VP requires prior approval by the MGC President.

5. MGC will use the standard IRS business reimbursement rate for approved use of a personal car for business purposes of Michigan Garden Clubs, Inc., by volunteers and contracted non-member instructors or speakers. The rate is established by the IRS on January 1 for each calendar year.
6. A W-9 Form, Request for Taxpayer Identification and Certification, will be provided to any contracted instructor or speaker whose anticipated fees (including materials) may be \$600.00 or more in a calendar year. In the event that receipts and/or mileage declarations are not submitted then travel expenses will be considered as fees.
7. Members of the MGC Board of Directors will receive a copy of the Quarterly Treasurer's Report prior to each board meeting. Monthly Treasurer Reports will be posted on the MGC website and include monthly reconciliation of MGC's checking and savings accounts, a Profit & Loss statement, and a Balance Sheet, as well as monthly investment reports and bank statements. District Directors and Treasurers and MAAJ and MCC chairs will receive a monthly copy of appropriate reserve accounts.
8. The proposed budget for the following fiscal year will be presented for approval at the April Board of Directors meeting.
9. The use of email or email attachment to communicate confidential MGC financial information of any kind (MGC bank account numbers, MGC credit card numbers etc.) is strictly prohibited. Approved November 3, 2017.
10. To assure compliance with IRS laws MGC will utilize a professional accounting services firm on an ongoing basis. The contract will be reviewed on a yearly basis by the Treasurer and the Finance Chair.
11. The financial policies pertaining to all MGC events can be found in the Events Policies and Procedures section.
12. The MGC 990 will be reviewed by MGC's Executive Committee with copies being emailed to the Board of Directors prior to filing. Approved by BOD November 8, 2018.

(Approved January 22, 2026 by Board of Directors)

Credit Card Policy

1. The MGC Credit card policy was approved by the MGC Board of Directors at their November 3, 2016 meeting.
2. The policy is contained in a separate addendum.

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Remuneration

The MGC Remuneration Policy was approved by the MGC Board of Directors at their November 2, 2017 board meeting, and revised at their February 8, 2024 Board Meeting.

*The policy is contained in a separate Remuneration category on the MGC Policies & Procedures webpage (Member Services/Administrative Area/MGC Policies & Procedures).

Investment Policy

1. At the June 9, 2017 MGC Board of Directors meeting the board approved investing MGC monies. The MGC Investments are held in accounts with Morgan Stanley Wealth Management in Kalamazoo, MI.
2. At the November 2, 2017 Board of Directors meeting the MGC Investment Policy was approved.
3. The policy is contained in a separate addendum.

MGC Charitable Donations Policy and Procedure

Purpose:

Michigan Garden Clubs, Inc., and all of its organizational units, may make financial donations, to support other non-profit organizations with a similar purpose. This provides an opportunity to network with external organizations to further our mission, increase our visibility, and foster long-term mutually beneficial relationships.

Corporate Process:

Once the MGC Corporate Charitable Donations budget amount has been determined for the fiscal year (June 1-May 31), the following process describes how that budgeted amount shall be allocated and distributed.

1. The 2nd VP Civic Affairs and the 4th VP for Gardening and Conservation shall identify potential non-profit organizations that are engaged in supporting the MGC mission or potential partners to further our mission. MGC members may forward recommendations for potential recipients through their Club President to the 2nd or 4th VP. Written submissions shall be accepted between June 1st and October 1st.

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2. The 2nd and 4th VPs shall develop a list of potential recipient organizations. The list shall include the following information: contact information, organization purpose/mission, specific purpose of donation, and recommended donation amount. A Charitable Donations Request Form shall be developed to facilitate donations.
3. The 2nd and 4th VP shall Co-Chair the MGC Charitable Donations Committee which shall include the MGC President, MGC 1st VP and Treasurer. This committee shall review the submissions, prioritize, and submit their recommendations for the current fiscal year to the MGC Board for approval at the February Board meeting.
4. Once approved, charitable donations shall be entered by the 2nd or 4th VP on a Non-Member Payment Form with donation letter to the organization and shall be submitted to the CPA firm to be paid through Bill.com directly to the recipient organization before June 1st. Supporting documentation for all donations shall be a copy of the approved Minutes of the February Board meeting.
5. The list of recipients will be published annually, both internally and externally (press releases/articles) by the Communications Committee.

Evaluation Criteria:

All requests for charitable donations shall be evaluated using the following criteria:

1. Only 501(c)(3) nonprofit organizations and educational organizations shall be considered.
2. No donation shall be made to an organization using a third-party fundraiser.
3. Requests that solicit financial support for individuals, political candidates, and political campaigns, or entities shall not be considered. Financial requests for capital campaigns shall not be considered.
4. Specific donation purposes must further the MGC mission, create visibility and future networking opportunities. This includes existing or new initiatives.

Evaluation Considerations:

Once the criteria are applied, the following may be considered in prioritizing:

1. Opportunity for future informational and educational resources for MGC Members.
2. Previous support or partnering with MGC should be considered but not required.
3. Donations may be restricted to a specific project.

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District Charitable Donation Process:

1. Districts may use reserve funds to make charitable donations to non-profit organizations. Organizations that are located within their district are preferred. Acceptable donation amounts to a single organization are \$250, \$500, or \$1,000/year.
2. During the annual budgeting process, the District shall budget an amount for any charitable donations.
3. Districts may use reserve funds to designate a named MGC scholarship of \$1,500 to one of the current Michigan public Universities, during the annual budgeting process. This shall be coordinated with the Scholarship Chair.
4. The District Director and District Treasurer shall work with their District Team and Club Presidents to identify a list of potential recipient organizations within their district. This list will be developed from June 1-October 1. This shall be coordinated with the 2nd and 4th Vice Presidents' State donation process.
5. The list of potential recipient organizations for the fiscal year shall include contact information, organization purpose/mission, and specific purpose of the donation.
6. The District Team will prioritize their recommended recipients with donation amounts and forward to the 1st VP for approval by November 1st and to coordinate with the Corporate Donations Committee. This committee shall review the submissions, prioritize, and submit their recommendations for the current fiscal year to the MGC Board for approval at the February Board meeting.
7. Once approved, charitable donations shall be entered by the District Treasurer on a Non-Member Payment Form with donation letter to the organization and shall be submitted to the CPA firm to be paid through Bill.com directly to the recipient organization before June 1st. Supporting documentation for all donations shall be a copy of the approved Minutes of the February Board meeting.

(Approved February 8, 2024 Board of Directors Meeting)

MGC Acceptance of Gifts Policy and Procedure

Michigan Garden Clubs, Inc., and all of its organizational units, accept gifts that are consistent with its mission and that support its core programs, as well as special projects. Donations and other forms of support will generally be accepted from individuals, member clubs, corporations, foundations, government agencies, or other entities.

MGC shall seek the advice of legal counsel in matters relating to the acceptance of

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gifts when appropriate. Review by counsel is recommended for:

- a. Gifts of securities that are subject to restrictions or buy-sell agreements
- b. Documents naming MGC as trustee or requiring MGC to act in a fiduciary capacity
- c. Gifts requiring MGC to assume financial or other obligations
- d. Transactions with the potential for conflicts of interest
- e. Gifts of real estate which may be subject to environmental or other regulatory restrictions

MGC shall not accept gifts that:

- a. Are for purposes outside MGC's mission
- b. Would endanger MGC's IRS 501(c)(3) not-for-profit organization status
- c. Are too difficult or expensive to administer in relation to their value
- d. Would result in any unacceptable consequence

MGC gifts are generally received in the following form(s):

- a. Cash delivered by check, money order, credit card, or online
- b. Marketable securities may be transferred electronically to an account maintained at one or more brokerage firms employed by MGC. All marketable securities shall be sold promptly upon receipt unless otherwise directed by MGC's Investment Committee
- c. Bequests and beneficiary designations under Revocable Trusts, Life insurance policies, annuities, retirement plans, or as a remainder beneficiary of a charitable remainder trust
- d. Contributions of goods or services other than cash that are related to the programs and operations of MGC.

Decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Board of Directors, after review by the Finance Committee

Acknowledgement of Donations:

- a. All donations shall be acknowledged by the appropriate Committee Chair or MGC Treasurer. If there is a question as to who should write the acknowledgment the President shall determine or write the acknowledgment. If it is \$250 or more, the amount shall be included in the acknowledgment to meet IRS requirements.
- b. Donations shall also be acknowledged in the Thru the Garden Gate Newsletter.

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Document Retention:

- a. The documents accompanying the donation shall be retained following the MGC Document Retention Policy.
- b. A copy of the letter acknowledging the acceptance of the donation shall also be retained per the Document Retention Policy.

(Approved February 8, 2024 Board of Directors Meeting)

Scholarship Policies and Procedures

1. MGC shall provide at least one scholarship to all fifteen of Michigan's public universities provided a qualified Michigan resident candidate is presented by the university (MGC Scholarships).
2. The minimum current award for each MGC Scholarship is one thousand five hundred dollars (\$1,500.00).
3. MGC shall also accept and administer annual donations of \$1,000 or more by clubs or individuals for "named" scholarships. Donors of \$1,000 or more in a fiscal year may designate the school to which the scholarship is to be awarded. Scholarship recognition may be made with a name of their choosing. In order to avoid the offer of an award that is not funded and to meet the fiscal year accounting system, the donation must be submitted to MGC Scholarship Treasurer with an agreement form no later than August 1st of that year.
4. All scholarship donations received during the fiscal year shall be credited to the MGC Scholarships financial accounts and distributed as appropriate. If donations exceed the MGC budgeted donation amount, additional scholarships may be given.
5. The Scholarship Committee shall consist of the Scholarship Chair, Scholarship Treasurer, and MGC Treasurer. The Scholarship Chair shall appoint agents, who are members of an MGC member garden club to represent MGC to the universities and assist in the processing of scholarship requests from their respective universities.
6. Following NGC guidelines, Scholarships shall be available to worthy Sophomore through Master's degree students selected by their institution. Eligible majors are horticulture, arboriculture, floriculture, crop and soil sciences, botany, biology, landscape design/architecture, environmental sciences, or related subjects pertinent to the aims and goals of MGC.

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7. The recipients of all MGC scholarships shall be selected and recommended by the universities based on the following criteria established by MGC:
 - A. Minimum 3.25 GPA
 - B. Declared eligible major
 - C. U.S. citizen; Michigan permanent resident
 - D. Study abroad funds may be applied to studies overseas provided that the study is a condition of the recipient's degree plan, and that payment continues to be made to the accredited U.S. college or university
 - E. Meets U.S. government criteria related to scholarship eligibility, as determined by the University.
8. In addition to the above minimum criteria, financial need, related activities and experiences, as well as any other criteria of the University may be considered.
9. The MGC Scholarship Review Committee (appointed by the Scholarship Chair) is tasked with evaluating all Michigan resident application submissions for NGC and Central Region awards. The Review Committee shall be comprised of 5 or more non-MGC members and college graduates (IRS requirements), offering a wide range of independent reviews. All candidates shall be evaluated using the rubric based on NGC guidelines. Applicants shall be made anonymous to members of the Review Committee.
10. In the event MGC's primary candidate is not awarded by NGC, MGC shall award that candidate an additional \$1,000 Scholarship.

(Approved September 5, 2024 by the MGC Board of Directors)

District Reserve Funds Policy

The purpose of this policy is to clarify how the District Reserve Funds may be used to support the Michigan Garden Club, Inc. mission.

1. To support educational programs, the funds in the District Reserve accounts may be budgeted to reduce the costs of District Meeting expenses such as event speakers, program material printing, room, and audio equipment rental. (Approved by the MGC Board of Directors April 7, 2022)
2. The Plant America Grow & Share grants will be funded by the District Reserve accounts. The districts will budget an amount for the grants as a part of their annual budget.

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3. District Reserve Funds may be budgeted to cover the cost of district operating expenses such as postage, printing and printing supplies, fund raising needs and other items required by the District Director and District Treasurer.
4. District Reserve Funds may be used to support other District activities (Independent of District meetings) in support of the MGC mission such as Flower Shows, educational programs, events and speakers. The cost of the speaker, material, room, and equipment rental can be covered.
5. In the event of a deficit resulting from a District Meeting, the District should first absorb deficit, then MGC, Inc., and not pass it on to the host club(s). (Approved by the MGC Board of Directors April 7, 2022)
6. District Reserve Funds may also be used to make donations by the district to other 501(c)(3) organizations within the district with missions similar to MGC, Inc's in accordance with the MGC Charitable Donation Policy & Procedure.
7. District funds may be used to make small recognition awards not to exceed \$25 per award but may not be used for the personal benefit of an individual including meals, travel, registration payment or gifts, except for event speakers and invited guests.
8. During the MGC, Inc. annual budgeting process the District Director and Treasurer may work with the District Team to budget the use of District Reserve Funds for the fiscal year.
9. If the District identifies the need to spend District Reserve Funds not identified during the budgeting process the request along with documentation will be forwarded to the 1st VP and Finance Chair for review and approval.
10. District may use Reserve Funds to honor an outgoing Director with either Life Achievement Award or other award, per Organizational Structure - Districts #7. (Life Achievement Award title change approved April 11, 2024 Board of Directors Meeting)
11. A recognition award will be coordinated by the incoming District Director to be presented to the outgoing District Director at the end of his or her service. Funds for this award are to come from the District's Reserve account, requested by District Treasurer.

(Approved February 8, 2024 Board of Directors Meeting)

Addendums

MGC, Inc. Credit Card Policy Addendum

A credit card provides Michigan Garden Clubs, Inc. personnel with the ability to effectively and efficiently make purchases in relation to the Board of Directors approved Michigan Garden Clubs, Inc. budget.

1. The card(s) will have a credit limit of \$10,000.00 per month.
2. The card may be used only for the purchase of goods or services for official business of the Michigan Garden Clubs, Inc.
3. All purchases will be within the current budget line item amounts, unless approved by Finance and Executive Committees.
4. The person issued the card is responsible for its protection and custody, and shall immediately notify the credit card company and Finance Chair if it is lost or stolen.
5. The person issued the card must immediately surrender the card to the current President or First Vice President when their Term of Office, with the Michigan Garden Clubs, Inc. Board of Directors has ended.
6. Inappropriate use of the credit card may be subject to disciplinary action, including but not limited to, expulsion from office and civil or criminal prosecution.
7. Credit Card users shall file receipts with the MGC Treasurer, on a monthly basis.
8. Credit card statements, along with receipts for all items to be paid by
9. MGC, Inc. will be reconciled on a monthly basis by the Treasurer or Assistant Treasurer (if one exists). Receipts must show the following on the receipt:
 - a. Name of purchaser (hand printed or hand written)
 - b. Purpose/event/activity
 - c. Date of purchase
 - d. Vendor, location, and date (if not shown)
10. Monthly credit card statements will be reviewed for accuracy before they are paid by the Treasurer, by due date to avoid late fees.
11. Any concerns regarding credit card usage or statements will be brought to the Finance Committee by the MGC Treasurer.

Original Credit Card Policy approved by the MICHIGAN GARDEN CLUBS, INC. Board of Directors on: November 3, 2016. Revised January 2019

MGC Investment Policy Addendum

Background:

2016-2017

The mission of Michigan Garden Clubs, Inc ("MGC, Inc. ") is to provide leadership in education, resources and networking opportunities for its members to promote love of gardening, floral design, landscape design and civic environmental responsibility.

In April 2017 a five-year strategic plan for self-sustaining scholarships was developed to more effectively manage the balance sheet funds restricted for scholarships by investing the funds to generate better returns than were currently being realized in bank savings accounts.

2017-2018

To that end in June 2017 the MGC Board of Directors approved the following motion: Invest approximately \$177,000, currently residing in five separate balance sheet accounts restricted for scholarships, with Morgan Stanley Wealth Management following the successful investment model used by the Kalamazoo Garden Council, Inc.

In July 2017 accounts were established with Morgan Stanley Wealth Management (277 S. Rose St, Suite 3100, Kalamazoo, MI 49007, 269-373-2650).

The following three separate accounts were initially established with investment instruments of mutual funds selected by Morgan Stanley:

<u>Account</u>	<u>Initial Funds Invested</u>
Scholarships \$63,081	Restricted Funds
Lifetime	\$93,320 Designated Funds
Delano	\$14,056 Restricted Funds
Total:	\$170,457

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In December 2017 the CD held at Macatawa Bank for Michigan Consultants Council (MCC) matured and the money was withdrawn. Additional funds were added from MCC reserves, and \$5,000 was invested into a 4th MGC account at Morgan Stanley on behalf of MCC for future use.

2018-2019

After Board approval in April, \$56,000 of the large donation from Javoroski estate to MGC was moved from the Consumers Credit Union to a 5th account at Morgan Stanley in June 2018 in order to take advantage of larger returns. Since these monies will have no restriction or Board designation, the account was labeled "MGC General Account," and other non-restricted or undesignated funds can be added to this account in the future.

In 2018 MAAJ made a decision to move \$5,000 of its reserve funds to be combined in the account with \$5,000 of MCC funds in order to reach the \$10,000 threshold for an optimal investment account at Morgan Stanley. This account will be 50/50 split by MGC satellites MCC and MAAJ in any future use of funds.

In late 2018 a donation of \$10,000 was received from the estate of deceased MGC member, Donna Schumann. This money was added to the MGC General Account at Morgan Stanley.

Also, late in 2018 a restricted donation of \$10,000 from the estate of Hilda Marie Nash was received to be added to the Scholarships account. There are some additional funds to come and will be added at Morgan Stanley.

Responsibility and Oversight:

The MGC Board of Directors has the ultimate fiduciary responsibilities regarding the proper management of the MGC funds invested with Morgan Stanley. The MGC Board has chosen to delegate the responsibility to oversee the funds to the MGC Finance Committee.

In June 2017 the Finance Committee formed a subcommittee to meet with Morgan Stanley to oversee the establishment and monitoring of the accounts. The subcommittee includes:

- MGC Treasurer
- MGC Finance Chair
- Former MGC President who is a member of the MGC Advisory Council

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The subcommittee will meet with Morgan Stanley twice a year to review the performance of each of the three accounts, evaluate any recommendations made by Morgan Stanley and make changes in the investments after evaluating the recommendations. The performance of the two main asset classes will be evaluated against the following commonly accepted benchmarks:

Equities:	S&P 500 Index: Goal to exceed the average annual return of the index including fees over a full market cycle (3-5 years)
Fixed Income:	Lehman Brothers Government/Corporate Index: Goal to exceed the average annual return of the index including fees over a full market cycle (3-5 years)

A summary of those review meetings will be provided to the MGC Finance and Executive Committee and the Board of Directors as part of the Finance Committee report. The accounts' balances and performance will be provided to the MGC Board of Directors as a part of the quarterly MGC Treasurer's report.

At the June MGC Board of Directors meeting any changes in the investment policies or objectives will be presented to the board for approval.

General Investment Principles and Guidelines

1. The **Scholarships Fund** is a donor restricted fund for the purposes of providing scholarships to Michigan state universities. The investment strategy has been established using the following parameters:
 - a. Risk Level: Moderate
 - b. Investment Objective: Capital Appreciation and income
 - c. Time Horizon: Five Years

Investment income will be reinvested in year one and thereafter a portion of the investment income will be used for scholarships based on the performance of the fund.

2. The **Lifetime Fund** is a designated fund for the purposes of providing scholarships to Michigan state universities. The investment strategy has been established using the following parameters:
 - a. Risk Level: Moderate
 - b. Investment Objective: Capital Appreciation and income
 - c. Time Horizon: Five Years

Investment income will be reinvested in year one and thereafter a portion of the investment income will be used for scholarships.

3. The **Delano Fund** is an endowment fund for the purpose of providing scholarships to Western Michigan University. The investment strategy has been established using the following parameters:
 - a. Risk Level: Moderate
 - b. Investment Objective: Capital Appreciation and income
 - c. Time Horizon: Five Years

Investment income will be reinvested in year one and thereafter a portion of the investment income will be used for Western Michigan University Scholarships.

4. The **MCC/MAAJ Fund** is a fund for the purposes of earning return on surplus funds split 50/50 by the two MGC councils. The investment strategy has been established using the following parameters:
 - a. Risk Level: Moderate
 - b. Investment Objective: Capital Appreciation and income
 - c. Time Horizon: Five Years

Investment income will be reinvested. Since this fund is split 50/50 between the MCC and MAAJ, any investment income must also be split 50/50. This fund must total \$10,000 or more to qualify as a Morgan Stanley top performing fund.

5. The **MGC General Fund** is invested for the purposes of earning a return on surplus funds. The investment strategy has been established using the following parameters:
 - a. Risk Level: Moderate
 - b. Investment Objective: Capital Appreciation and income
 - c. Time Horizon: Five Years

Investment income will be reinvested and a portion of the investment income can be used for Board designated projects or programs based on the performance of the fund.

Risk Parameters

In the event of a market downturn greater than 15%, the advisor will make recommendations as necessary to preserve the original investment amount by notifying the Finance Chair who will give any needed approvals for changes.