

The Arboretum @ Flagstaff

Bylaws Approved by the Board of Directors in March 2022

Section 1. General

- 1.1 Articles of Incorporation.** The Articles of Incorporation dated July 17, 1981 established the Transition Zone Horticultural Institute, Inc., now doing business as The Arboretum at Flagstaff. The Articles of Incorporation are attached as **Appendix I**.
- 1.2 Principal Office.** The Corporation shall maintain a principal office in Coconino County, Arizona.
- 1.3 Mission.** The mission of The Arboretum at Flagstaff is to increase the understanding, appreciation, and conservation of plants and plant communities native to the Colorado Plateau.
- 1.4 Fiscal Year.** The fiscal year of the Corporation begins on January 1 and ends on December 31.

Section 2. Board of Directors

- 2.1 Number and Election.** The Board of Directors (herein after referred to as “the Board”) shall consist of not less than 12 nor more than 18 persons (herein after referred to as “directors”). The minimum and maximum number of directors as stated above may be changed only by amendment of these bylaws. No reduction of the authorized number of directors shall have the effect of removing any director before their term of office expires. The normal term of office for a director shall be three years, and these terms shall be staggered so that approximately one-third of the terms shall expire at the same time and be refilled by a simple majority vote election. Directors may serve for two consecutive terms of three years, through the end of the same month in which their term began. A director may again be elected to serve on the Board one year after serving two consecutive terms. Director nominees shall be recommended to the Board for election by the officers of the Corporation (i.e., the Executive Committee).
- 2.2 Powers and Duties.** It shall be the duty of the Board to control and manage the property and business of the Corporation, and to elect the officers of the Corporation who shall serve at the pleasure of the Board. Generally and without limitation, the Board shall have the power to operate the business of the Corporation in a prudent and careful manner in accordance with the Articles of Incorporation and the Mission of the Corporation. All rights, powers, and responsibilities shall be vested in the Board of the Corporation. Board members shall not be compensated for their service. The Corporation shall have no Non-Board voting members.

- 2.3 Regular Meetings.** The Board shall establish the time and place of all regular meetings. Meetings of the Board for the following year shall be established at the Annual Meeting in December. Regular meetings of the Board shall be held at least bimonthly and at such other times determined by the vote of the
- 2.4 Annual Meeting.** The annual meeting of the Board shall be held during the month of November December At the annual meeting, the directors shall elect officers, set the dates for the Board of Director meetings, approve a budget for the following calendar year and transact such other business as properly may be brought before the meeting. Notice of annual meetings shall be given at least 10 days prior to the meeting.
- 2.5 Special Meetings.** Special meetings of the Board may be called by the president on five days' notice to each director either personally, or by mail, telegram, telephone, facsimile, or e-mail.
- 2.6 Quorum.** A simple majority of the full membership of the Board shall constitute a quorum for conducting the business of the Board. If a director is unable to attend a Board meeting in person, it is acceptable for the director to participate via phone or other mutually convenient electronic means.
- 2.7 Action Without Meeting.** Any action required or permitted to be taken at any scheduled or special meeting of the Board may be taken without a meeting if a simple majority of all members of the Board consent thereto. Consent to meet and/or to act action (e.g., vote) may be given by regular mail, telephone, facsimile, text message or e-mail. Any action taken by the Board outside of a regularly scheduled meeting shall be filed with the minutes of proceedings of the Board at its next regular scheduled meeting.”
- 2.8 Policy Statements.** Policy statements may be prepared to govern the activities of the Corporation in the areas of administration, collections, research, conservation, education & public programs, respectively. Each such policy statement shall be approved by the Board and shall thereafter govern the activities of the committee and the Corporation staff in the subject area. The committee shall adopt procedures for carrying out the stated policy and may alter, amend, and modify such procedures from time to time at its discretion. However, changes in the policy statements or departures from the stated policy must be approved in advance by the Board.
- 2.9 Waiver of Notice.** Attendance of a director at a meeting shall constitute waiver of notice of such meeting, except when a director attends the meeting for the express purpose of objecting to the transaction of any business or because the meeting is not lawfully called or convened. Any director may waive notice of any annual, regular, or special meeting of directors by executing a written waiver of notice either before or after the time of the meeting.

2.10 Honorary Directors. The Board may designate as honorary directors individuals who have provided exceptional service to The Arboretum. Honorary directors shall be given notice of all regular Board meetings. An honorary director may attend meetings of the Board but shall not vote. An honorary director shall not be considered part of the governance of the Corporation.

Section 3. Officers

- 3.1 Titles.** The officers of the Corporation shall be elected by the Board and shall consist of a President, a Vice President, a secretary, and a treasurer. The officers shall be members of the Board.
- 3.2 Election of Officers.** The Board shall elect officers at the annual meeting in November December. The Board at any time may elect such other officers and agents as it shall deem necessary to perform such duties as shall be determined by the Board. A vacancy in any office for whatever reason caused may be filled by the Board at any time in accordance with Section 2.1
- 3.3 President of the Board.** The president shall preside at all meetings of the Board. The president shall have authority to call special meetings of the Board pursuant to Section 2.6. The president shall appoint chairs of the Board's standing and ad hoc committees. In case of the permanent absence or inability of the president to act, the office shall be declared vacant by the Board and a successor elected by the Board.
- 3.4 Vice President.** The vice president shall have all the powers and perform all the duties of the president in case of the temporary absence of the president or in case of the president's temporary inability to act.
- 3.5 Secretary.** The secretary shall see that the minutes of all meetings of the Board are kept. The secretary shall give or cause to be given required notices of all meetings of the Board. The secretary shall also perform all other duties incident to the office of secretary of a Corporation.
- 3.6 Treasurer.** The treasurer shall have oversight of all the books, records, and books of account of the Corporation and perform all the duties incident to the office of treasurer of a Corporation and shall ensure the Corporation's compliance with all state and federal laws and regulations. The treasurer shall ensure that the financial policies and procedures adopted by the Board are followed.
- 3.7 Executive Director.** The Board shall employ an executive director. The executive director shall be the chief executive officer of the Corporation and shall have full authority and responsibility for carrying out the programs and policies of the Corporation as determined by the Board. The executive director shall be a non-voting member of all standing committees, including the executive committee. The executive director shall participate in executive sessions of the Board only when requested to participate by the Board.

- 3.8 Authority.** The president and the executive director shall each have the authority to sign contracts, agreements, and other instruments requiring execution on behalf of the Corporation, subject to policies established by the Board.

Section 4. Committees

- 4.1 Standing Committees.** The standing committees of the Board shall be as follows:

- a) Executive Committee
- b) Finance Committee
- c) Planning Committee
- d) Development Committee

Other standing committees may be established or disbanded as determined by the Board. Each Board member shall serve on at least one committee.

- 4.2 Ad Hoc Committees.** The president may appoint ad hoc committees for specific purposes. Each ad hoc committee shall function for a limited time only as specified by the Board. Ad hoc committees report to the Board.
- 4.3 Executive Committee Membership and Authority.** The members of the Executive Committee will be the officers of the Corporation. Additional directors may be elected to the Executive Committee by a majority vote of the Board. Each member of the Executive Committee will continue to serve until the election of officers at the next annual meeting and may continue in office until a successor is appointed. There may be certain circumstances requiring immediate action in which the Executive Committee may exercise the authority of the Board in the management of the Corporation between meetings of the Board. Full Board participation in actions between meetings may be appropriate in other circumstances (see section 2.8). The Executive Committee will evaluate the performance of the executive director prior to the executive director's contract renewal.
- 4.4. Committee Membership.** The chair of each committee shall be a director of the Corporation and shall be appointed by the president. The committee chair may appoint additional voting members of the standing committees (other than the Executive Committee) who need not be directors of the Corporation but shall be persons who have evidenced an interest and ability to advance the mission of the Corporation. Any committee member may be removed by the chair whenever in the judgment of the chair the interests of the Corporation would be best served by such removal.
- 4.5 Rules.** Each committee may adopt such rules and regulations for its meetings and the conduct of its activities as it may deem appropriate; such rules and regulations shall be consistent with these bylaws. Minutes of committee meetings shall be kept.

- 4.6 **Quorum.** A simple majority of the whole committee shall constitute a quorum. The act of a simple majority of members present at a meeting at which a quorum is present shall be an act of the committee.

Section 5. Liability and Indemnification

- 5.1 **Director and Officer Insurance.** The Corporation shall maintain Director and Officer (D&O) insurance to cover directors and officers of the Corporation while functioning in an official capacity on behalf of the Corporation as described below in Section 5.2. The D&O policy shall be reviewed at the Board meeting following each policy renewal.
- 5.2 **Liability.** No director of the Board nor officers of the Corporation shall be personally liable to the Corporation for monetary damages for breach of fiduciary duty as a director/officer of the Corporation unless the director or officer of the Corporation has breached or failed to perform the duties of director/officer of the Corporation in compliance with law, or has failed to perform the duties of the director/officer through willful misconduct or recklessness. The Corporation shall indemnify every director or officer of the Corporation against reasonable expenses, including legal expenses, necessarily incurred by such person who was or is a party or is threatened to be made a party to any threatened, pending a completed civil or administrative action, suit or proceeding, or as a result of an investigation by federal, state or governmental agencies, by reason of the fact that such person was a director/officer of the Corporation provided that:
- a) Such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interest of the Corporation;
 - b) Such person did not act or did not act willfully or with gross negligence, or with fraudulent or criminal intent;
 - c) Any legal fees paid (arrangements for representation or legal fees must be discussed with the Board and evaluated for reasonableness and approved before they are incurred) or any settlements made are reasonable and approved by the Board; and
 - d) The person seeking indemnification did not act beyond the scope of his/her authority and responsibility as set forth in the Bylaws, and the policies of the Corporation.
- 5.3 **Indemnification.** This right of indemnification shall not be exclusive of other rights to which any Board member or officer or employee may be entitled as a matter of law and shall include reimbursement of any amounts and expenses paid or incurred settling any such action, suit or proceeding when such settlement has been approved by the Board. The power of indemnification under the Arizona Revised Statutes shall not be denied or limited by these Bylaws.

Section 6. Finances, Conflicts of Interest, and Cultural Equity Policies

- 6.1 Financial Policies.** Financial Policies appear in a separate document and are designated in **Appendix 2**.
- 6.2 Conflict of Interest Agreement.** Each director shall execute a Conflict of Interest Agreement upon assuming membership on the Board; said Agreement is attached hereto as **Appendix 3**.
- 6.3 Statement of Cultural Equity.** The Board shall review the Statement of Cultural Equity, originally written in 2021, prior to each annual meeting. Should the Statement appear to need modification, the language shall be updated if a majority of directors so vote. The current Statement of Cultural Equity is attached hereto **as Appendix 4**.

Section 7. Bylaw Amendments

- 7.1 Amendments.** These bylaws may be amended by a two thirds ($\frac{2}{3}$) vote of the full Board at any meeting to which proper notification is given pursuant to these bylaws. Any proposed amendments, alterations, substitutions, repeals, or other changes to these bylaws must be provided in writing or via e-mail or facsimile to directors of the Board at least five days prior to the meeting in which they are to be considered.
- 7.2 Bylaw Review.** These Bylaws shall be reviewed at least every three years by an ad hoc bylaws committee appointed by the president.

Approved and adopted as written by the Board of the Transition Zone Horticultural Institute, Inc. dba The Arboretum at Flagstaff at its regular Board meeting held on March 24, 2022, in Flagstaff, Arizona.

APPENDIX 1
ARTICLES OF INCORPORATION

RECORDED FOR THE STATE OF ARIZONA

RECORDED FOR THE STATE OF ARIZONA

ARTICLES OF INCORPORATION

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OF THE

AUG 23 3 28 PM '81

APPROVED BY THE STATE OF ARIZONA
DATE Aug 4 1981 FILED
TERMS KNOWN TO ALL MEN BY THESE PRESENTS:
DATE _____ TIME _____

APPROVED BY THE STATE OF ARIZONA
DATE Aug 23 1981 FILED
TERMS KNOW TO ALL MEN
DATE _____ TIME _____

That we, the undersigned, have this day associated ourselves together for the purpose of forming a nonprofit corporation under and pursuant to the laws of the State of Arizona and for that purpose do hereby adopt these Articles of Incorporation.

ARTICLE I

NAME: The name of the corporation shall be: TRANSITION ZONE HORTICULTURAL INSTITUTE, INC.

ARTICLE II

PLACE OF BUSINESS: The principal place of business shall be Flagstaff, Coconino County, Arizona.

ARTICLE III

PURPOSE: The purpose for which this corporation is organized is for the promotion and support of scientific research, educational activities and the transaction of any or all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time, including but not limited to the following propositions:

1. The conservation of native plants of the San Francisco Peaks--Colorado Plateau area.
2. Experimentation with adaptation of plants of the transition zone from other locations.
3. Testing conditions under which plants not grown locally may be adaptable.
4. Demonstration of methods for cultivation which require low water consumption and other protection techniques for soil.
5. Teaching the inherent values for man of the natural environment and the practices which will serve both man and nature best and enrich each without significant damage to either.
6. Investigating, extrapolating and comparing the empirical as well as theoretical resultant on the economic environment of various treatments of soil interplanting, greenhouse culture and planting of new variatals developed for parallel growing conditions.

Within the general purview of the foregoing, the Foundation shall concentrate its efforts on the objectives listed below, by way of example and not of limitation:

1. The development of small forest or meadow areas with appropriate plant materials.
2. The use of environmental resources of the site; testing for the best type of cultivation (or benign neglect) to enhance productivity of the soil.
3. The harvest of edible wildings.
4. The utilization of "waste": weeds, prunings, thinnings, and domestic refuse from metal, glass, plastic and biodegradable material including "gray water."
5. The experimentation with various systems of solar, water and wind power for applications of different sorts.
6. The test of a variety of ways to relate man and nature when they come in contact.
7. The use of multiple sites; the repetition of tests and demonstrations.
8. The melding of research in all the above areas together with regional studies now in progress.
9. The collection of relevant information as to all these purposes with the specific intention that these resources be made available to scientists and program operators with similar eleemosynary objectives.
10. The publication, dissemination or sale of significant results relating to the activities delineated above.
11. The sponsorship of research, both scholarly and empirical (or basic and applied).
12. Cooperation with other philanthropic institutions of like purpose and pursuit.
13. The solicitation of funds to support the purposes of the Institute and the sale of plants, seeds, or other usufruct of the operations thereof.

ARTICLE IV

INITIAL BUSINESS: Said corporation is organized exclusively to establish a nonprofit organization for educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, including for such purposes the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provisions of any future United State Internal Revenue Laws).

ARTICLE V

LIMITATIONS:

(1) No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article IV.

(2) No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

(3) The corporation shall not engage in any act of self-dealing as defined in section 4941(d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal tax laws.

(4) The corporation shall not make any investments in such manner as to subject it to tax under section 4944 of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal tax laws.

(5) Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on: (a) by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code of 1954, (or the corresponding provision of any future United States Internal Revenue Law) or; (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954, (or the corresponding provisions of any future United States Internal Revenue Laws).

ARTICLE VI

PROCEDURE ON DISSOLUTION: Upon the dissolution of the corporation, the Board of Directors, after paying or making provision for the payment of all of the liabilities of the corporation, shall dispose of all of its assets to advance the charitable purposes of the corporation, or to such organizations organized and operated exclusively for charitable, educational, religious or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Laws) as the Board of Directors shall determine. Any assets not disposed of shall

be disposed of by the Superior Court of the county in which the principal office of the corporation is then located, exclusively for such purposes.

ARTICLE VII

INDEMNIFICATION: The power of indemnification under the Arizona Revised Statutes shall not be denied or limited by the bylaws.

ARTICLE VIII

ANNUAL MEETING: The annual meeting is to be held at a place within or without the State as fixed by the bylaws.

ARTICLE IX

STATUTORY AGENT: The name and address of the initial statutory agent of the corporation is:

Samuel P. Goddard III
101 North First Avenue
Suite 2515
Phoenix, AZ 85003

ARTICLE X

BYLAWS: The power to make, alter, amend or repeal the bylaws or adopt new bylaws shall be vested in the Board of Directors.

ARTICLE XI

BOARD OF DIRECTORS: There shall be no less than three (3) nor more than twenty-five (25) directors. Names and addresses of the directors, who are also the incorporators, are: Samuel P. Goddard, Jr., 101 North First Avenue, Suite 2515, Phoenix, AZ 85003; Robin Cameron, 121 East Birch, Suite 205, Flagstaff, AZ 86001; Samuel P. Goddard III, 101 North First Avenue, Suite 2515, Phoenix, AZ 85003.


Subject to the limitations fixed in the Arizona Revised Statutes relative to the persons constituting the initial Board of Directors, the bylaws shall fix the number of directors, the manner of their election or selection and term of office.

ARTICLE XII

The private property of the incorporators, directors, officers and members of this corporation shall be forever exempt from its debts and obligations.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Arizona, we, the undersigned, constituting the incorporators of this corporation, have executed these Articles of Incorporation this 17th day of July, 1981.


Samuel P. Goddard, Jr.


Robin Cameron


Samuel P. Goddard III

I, Samuel P. Goddard III, having been designated to act as Statutory Agent, hereby consent to act in that capacity until removed, or resignation is submitted in accordance with the Arizona Revised Statutes.


Samuel P. Goddard III

Appendix 3
CONFLICT OF INTEREST STATEMENT
FOR
The Arboretum at Flagstaff Board of Directors

No Board of Directors member (Board) of The Arboretum at Flagstaff (The Arboretum) or Board committee member or any member of his/her family should accept any gift, entertainment, service, loan, or promise of future benefits, or appear to benefit from any person who either personally or whose employees might benefit from such Board or committee member's connection with The Arboretum, unless the facts of such benefit, gift, or service, or loan are disclosed in good faith and are authorized by the Board. Board and committee members are expected to work out for themselves the most gracious method of declining gifts, entertainment, and benefits that do not meet this standard.

No Board or committee member should perform, for any personal gain, services to The Arboretum supplier of goods or services, as employee, consultant, or in any other capacity that promises compensation of any kind, unless the fact of such transaction or contracts are disclosed in good faith, and the Board or committee authorizes such a transaction. Similar association by a family member of the Board or committee member or by any other close relative may be inappropriate.

No Board or committee member or any member of his/her family should have any beneficial interest in, or substantial obligation to any Arboretum supplier of goods or services or any other organization that is engaged in doing business with or serving The Arboretum unless it has been determined by the Board, on the basis of full disclosure of facts, that such interest does not give rise to a conflict of interest. If the Board determines this should be put to a vote, either in person, by phone, or by another mutually convenient electronic means, the Board or committee member must recuse him/herself from that vote. The results of this vote shall be recorded in official Board minutes.

This policy statement is not intended to apply to gifts and/or similar entertainment of nominal value that clearly are in keeping with good business ethics and do not obligate the recipient.

Any matter of question or interpretation that arises relating to this policy should be referred to the Board president for a decision and/or referral; to the Board for a decision, where appropriate.

I have received, read, and fully understand the Conflict of Interest Statement and will comply with the statement by bringing any potential conflict of interest situations to the Board for consideration.

Signature

Date



Statement of Cultural Equity

Cultural Equity Statement

Just as The Arboretum at Flagstaff strives to protect and conserve the diversity of native plants, we also recognize that inclusion of diverse cultures and concepts are critical to a healthy community. We recognize and appreciate native land stewards and are respectful of their history and impacts on this land.

As such, Arboretum board members, staff, and volunteers are committed to engaging our visitors with respect and equity, creating an environment that is accessible, safe and welcoming. Our programs are designed to inspire people of all cultures, races, genders, social economics, and abilities to develop a passion for science and native plants. We celebrate both traditional and scientific approaches to understanding the natural world in an effort to enhance a diverse perspective of stewardship within our precious landscape.

Cultural Equity Strategy

- Our cultural equity statement will be provided to all new board members and staff and reviewed annually.
- The Board of Directors will annually review the diversity of our board and staff in relationship to our membership and the greater community.
- We will evaluate our programs to incorporate educational materials and methods utilized by indigenous cultures that align with our mission of increasing the understanding, appreciation and conservation of our native plant communities.
- We will actively seek opportunities to engage under-served and urban populations that may not otherwise have access to our gardens.
- Through grants and partnerships, we will work towards opportunities to provide multilingual materials to engage all visitors.



FINANCIAL POLICIES AND PROCEDURES

Approved by the Arboretum Board of Directors May 2022

APPENDIX 2 to the By Laws

This document outlines the financial policies and procedures of The Arboretum at Flagstaff (“the Arboretum”). Its purpose is to assure that financial activities of the Arboretum are carried out in a fiscally responsible way in accordance with generally accepted accounting principles.

Finance Committee. The Finance Committee, chaired by the Treasurer, is responsible for ensuring the fiscal health of the Arboretum by monitoring and overseeing the management of all aspects of financial operation. The Finance Committee will periodically review this document as needed. The Committee is composed of members of the Arboretum Board of Directors and the Executive Director. The Treasurer may recommend non-board members to the Committee.

Committee Responsibilities.

1. Review the financial statements of the Arboretum every two months with the Executive Director (ED).
2. Advise the ED on financial matters as appropriate.
3. Recommend a qualified professional to conduct an audit and review of finances based upon a list provided by the ED of those who responded to a request for an audit/review quote.
4. Review the audit and annual financial review and recommend acceptance by the Board.
5. Review and approve the annual budget prepared by the ED for recommendation to the Board for approval.

Treasurer Responsibilities.

1. Chair Finance Committee meetings.
2. Conduct a monthly review of financial performance with the ED.
3. Prepare a bi-monthly Finance Committee report for submission to Board and present a financial review at each Board meeting.

4. Review financial statements and present them to the Board.
5. Conduct a semi-annual review of investments and report back to the Board.
6. Approve the letters of engagement for audit and annual review of finances.
7. Review the audit and annual review of finances and present to Board for approval. Work with ED to address implementation of action items.
8. Perform an annual review of internal controls, with the ED.

Executive Director Responsibilities.

The Executive Director (ED) shall manage the financial affairs of the Arboretum on a day-to-day basis. The responsibilities of the ED are to:

1. Manage the financial activities of Arboretum within the approved total annual operating budget.
2. Maintain financial records in accordance with generally accepted accounting principles and in compliance with financial policies and procedures developed by the Committee.
3. Provide periodic financial reports to the Finance Committee on the status of Arboretum finances.
4. Prepare an annual operating budget for approval by the Finance Committee and subsequent recommendation to the Board as follows: draft budget to be presented to the Executive Committee for approval in October, with presentation to the full Board in November.

Work with the selected professionals on preparation of the annual financial review.

5. Review the recommended financial review action items and discuss their implementation with the Treasurer and the Board.

Finance Policies and Procedures

1. Financial Reports. The ED shall prepare financial reports every other month for Finance Committee and Board review. The Board shall receive a financial snapshot report prior to each board meeting and a full set of financial reports annually. The IRS Form 990 will be made available for review by the entire Board.

2. Audit & Annual Financial Review. An annual review of the Arboretum's financial statements shall be conducted by a certified public accountant/auditing firm not associated with a Board or staff member. The Finance Committee will review the report and present it to the entire Board. An Audit shall be conducted every five years.

3. Operating Reserve Fund. The Arboretum shall maintain a cash reserve fund to finance operations during times of minimal receipts. This reserve should include sufficient funds to cover salaries, payroll taxes and benefits, utilities, insurance and other expenditures required to maintain operations.

- a) The Operating Reserve Fund shall be maintained in a separate bank account.
- b) To access the Operating Reserve Fund, the ED shall prepare a written request outlining the amount required, reason for the request, and a specific repayment plan. This request shall be submitted to the Treasurer and President for their approval. Repayment to the Operating Reserve Fund must be made within six months.

4. Preparation and Approval of Operating Budget. Approving and monitoring the budget is a major Board responsibility. The Finance Committee and the Executive Committee shall approve the proposed budget for the fiscal year before it is submitted to the Board.

5. Unbudgeted Expenditures. The ED may approve unbudgeted expenditures less than \$2,000. The ED shall inform the Finance Committee after the fact of these expenditures as part of the ED's normal monthly reporting. If the unbudgeted expenditures are greater than \$2,000, then the ED must request pre-approval for that expenditure with appropriate justification to the Executive Committee for approval which is then reported to the Board during the next Board meeting. If the requested unbudgeted expenditure is greater than \$10,000, it must be pre-approved by a majority vote by the Board of Directors.

6. Financial Procedures. As a general policy, bookkeeping practices for the Arboretum shall conform to generally accepted accounting principles and shall provide an accurate, up to date view of the actual financial status of the Arboretum. At a minimum, this requires the following:

- a) All balance sheet accounts will be reconciled or adjusted in April and January, and bi-monthly during the Arboretum open season, May through October. \
- b) All receipts will be recorded within the month received.
- c) All bills will be recorded when received, and will be paid according to the due date.

- d) All credit card balances will be paid in full every month.
- e) All receivables will be recorded as they are accrued; this means that grants shall be entered and contracts recorded as soon as they have become legal obligations.
- f) In-kind donations with a value greater than \$500 shall be recognized in the Arboretum's books.
- g) All IRS requirements with regard to payroll taxes, W-2's, 1099's and similar reporting shall be met within the required time.
- h) Financial documentation shall be retained for seven years, in accordance with IRS rules. They shall be destroyed after the required retention period, in a manner accepted by the IRS.
- i) Bank statements shall be reconciled monthly by a different person than those who write checks, make deposits, and perform other bookkeeping duties.

7. Checks, Drafts, and Other Funds. All checks, drafts or orders for the payment of money, notes, or other evidences of the indebtedness issued in the name of the Arboretum shall be signed according to the following schedule:

- a) Checks for items in amounts less than \$10,000 shall be signed by the ED, or in the absence of the ED, the Treasurer.
- b) Checks for items exceeding \$10,000 require two signatures, one of which must be that of the Treasurer or in the Treasurer's absence another designated Executive Board member.
- c) Individuals may never be a signatory on a check payable to themselves or their business.
- d) All funds of the Arboretum shall be deposited to the credit of the Arboretum in banks, trust companies, or other depositories as the Board may select within 10 business days.

8. Cash Control Policy.

Cash receipts will be managed through point of sales software and reconciled daily. Cash shall be deposited in a safe on site at the end of each business day. The ED or other ED-designated personnel shall deposit in the bank within 10 business days.

9. Procurement Policy.

The following policies and procedures shall be followed when The Arboretum purchases equipment, materials, supplies, property, or services from an outside source.

A. General Policy

- a) No Conflict of Interest. All directors, employees, or agents who participate in the selection or acceptance of a contract for equipment, materials, supplies, or services must comply with The Arboretum's Conflict of Interest policy (BP-9).
- b) No Purchase of Items for Personal Use. No director, employee, or agent who participates in the selection or acceptance of a contract for equipment, materials, supplies, or services shall use such items for personal use.
- c) No Receipt of Gratuities. No director, employee, or agent shall solicit or accept gratuities, favors, or anything of value from contractors, potential contractors, or parties to agreements with The Arboretum.
- d) Contract with Winning Bidder. If a contract is competitively bid, The Arboretum will enter into a contract with the winning bidder that specifies the equipment, materials, supplies, property, or services to be purchased and the payment terms.

B. Acquisition Procedure

The Arboretum will conduct all procurement transactions in a manner that maximizes opportunities, increases quality, and reduces the cost of purchase. The Arboretum reserves the right to reject any bids or offers, if deemed to be in its best interest.

- a) Pricing Procedures. One of the following procurement procedures shall be utilized for all purchases of equipment, materials, supplies, property, or services.
 - i. For purchases under \$10,000. Open Market Inquiry. The Arboretum will inquire in the open market to ensure an advantageous price and quality. The file shall document the inquiries made and offers received.
 - ii. For purchases over \$10,000. Request for Competitive Quotes. The Arboretum will request competitive quotes, orally or in writing, from at least three different sources. The file shall document each invitation made and offer received.
- b) Document Prices. The Arboretum shall maintain files on all quotations solicited and offers or bids received and any criteria for selection. In all instances in which the lowest bid is not awarded in the contract, justification for the selection must be contained in the file.

C. Purchasing Approvals

- a) All staff should properly handle and document all purchases. Only those staff designated with the authority to purchase materials for the Arboretum are allowed to utilize Arboretum funds for such purposes.
- b) Each department must operate within its approved budget.
- c) All purchases over \$200 must be approved by the ED or ED-designated personnel, if such purchases are within the board approved annual budget. If not budgeted, see Paragraph 5 above.
- d) Office supplies are purchased ONLY by the Office Manager.
- e) All Arboretum credit cards will be signed in and out, except those cards assigned specifically to certain staff members. All credit card receipts should be submitted within two business days with the following information, or within 5 business days of return, if staff have been in travel status.
 - i. Purchaser's name
 - ii. Department code
 - iii. Appropriate account (from Chart of Accounts)
 - iv. Project code, if applicable
 - v. Reason for expenditure or description
- f) All requests for reimbursements must be submitted on the **Expense Reimbursement Form** within 30 days of the purchase date.

10. Asset Acquisitions

- a) Fixed assets should be capitalized as follows:
 - i. All buildings/facilities acquisitions and new construction
 - ii. Facility renovation and improvement projects costing more than \$10,000
 - iii. Land improvement and infrastructure projects costing more than \$10,000
 - iv. Equipment costing more than \$1,000 with a useful life beyond a single reporting period (generally one year)
- b) All documentation relating to the purchase and installation of an asset should be submitted promptly to accounting.

- c) The asset will be added to the asset list at year-end and filed internally. A current depreciation schedule will be maintained for the lifetime of the asset. The Arboretum uses a straight-line depreciation method for all assets.
- d) When purchasing property (both real estate and equipment), the following procedures must be followed:
 - i. Title in the Name of The Arboretum: All property purchased belongs to The Arboretum and title vests with The Arboretum.
 - ii. Property Inventory: A list of all property owned by The Arboretum shall be kept showing the type of property, identification number, original cost, and depreciated value. The inventory list must be completed at the time of purchase and annually at the end of The Arboretum's fiscal year.
 - iii. Insurance Coverage: The Arboretum will maintain insurance coverage for all property owned by The Arboretum and maintain documentation of each policy.

11. Grant Administration Procedures.

1. Each grant will be assigned a unique project number by the accounting department. Within each grant, specific accounts based upon the current chart of accounts will be available for tracking grant activity.
2. The administrator of each grant will provide the accounting department with the following information:
 - a) Copy of the award letter and contract
 - b) Copy of quarterly invoices, including billing details
 - c) Composite spreadsheet(s) detailing billings to each agency by quarter
3. The administrator of each grant will follow grant guidelines and will track allowable expenses associated with each grant.
4. Supplies, equipment and materials purchased must have receipts. The **Expense Reimbursement Form** will be used to cover travel costs and other expenditures incurred by staff or volunteers related to the grant. Contract services must be documented by a signed contract or by an invoice.
5. Staff should account for time related to grant activity on his or her timesheet using the assigned project number, if required by the granting agency.

6. Upon completion of the grant, all relevant financial information for that grant should be filed, and all closed grant files are to be archived.



Expense Reimbursement Form

Employee Name:

Title:

Manager Name:

Department:

	Expense Period
From:	<input type="text"/>
To:	<input type="text"/>

Itemized Expenses

DATE	PROJECT/GRANT/CLASS DESCRIPTION	DEPT.	ACCOUNT #	COST
Reimbursement Total				<input type="text"/>

Don't forget to attach receipts!

Employee Signature

Date

Approval Signature

Date

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COMMENTS: