



GARDEN CLUB O F V I R G I N I A

HANDBOOK for GCV MEMBER CLUB TREASURERS

Garden Club of Virginia

Kent-Valentine House

12 East Franklin Street

Richmond, VA 23219

804-643-4137

As autonomous entities, each member club is responsible for maintaining proper financial records and providing appropriate tax filing. The Garden Club of Virginia cannot advise clubs on these matters and is not responsible for errors or omissions in this manual. This manual is intended for informational purposes only and is not a definitive guide. Member clubs should consult an attorney and/or accountant for professional guidance.

Handbook for GCV Member Club Treasurers

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Handbook for GCV Member Club Treasurers

Section 1

MEMBERSHIP:

1. Membership is by invitation only from the Garden Club of Virginia.
2. Classes of Membership. Two classes of membership shall make up the Garden Club of Virginia:
 - a. Member clubs and their constitutional membership
 - b. Individual honorary members

POLICIES REGARDING MEMBER CLUBS:

1. Each of the 47 member clubs has the right to set the number of its constitutional membership.
2. Membership in the Garden Club of Virginia does not entitle member clubs to use the 501 (c) (3) tax exempt status granted to the Garden Club of Virginia. Member clubs apply for this ruling as individual organizations.
3. GCV Clubs may not use the GCV Employer Identification Number assigned by the IRS to the GCV.
4. Each member club of the Garden Club of Virginia is an autonomous club with its own tax status, by-laws, budget, programs, charitable projects and way of conducting business.
5. Member clubs are not considered “affiliates” of the Garden Club of Virginia.

DUES AND FEES:

GCV dues contribute to the administrative costs of the programs and services provided by GCV to member clubs and their members. A member’s dues include a subscription to the *Journal*.

1. The one time initiation fee of a member club shall be \$100.00.
2. GCV dues shall be \$40.00 per dues-paying member of GCV member Clubs.
3. Each member attending the Annual or Board of Governors meeting shall pay a maximum registration fee of \$130.00 per meeting.

DUES DEDUCTIBILITY

1. Member dues paid to the GCV are tax deductible to the member. GCV is an education organization and the benefits that members receive as a result of membership included educational meetings, workshops in a variety of disciplines, programs, lectures, tours, publications of organizational news, and demonstrations that are educational in nature.
2. Dues paid to the member club may be deductible, as well, if the club has been determined to be exempt under applicable rules of the Internal Revenue Code [501(c) (3)] and if the sole purpose of the money collected is to provide for educational opportunities for members. If a local accountant or attorney does not agree with this opinion stated by the GCV accountant, the member club would be advised to give priority to local counsel.

TIMELINE FOR PAYMENT OF DUES

1. Notice of dues payable shall be sent to club treasurers by **February 1**. The amount due is based on the amount paid the previous year and should be adjusted by the member club to reflect the amount due based on their current membership.
2. If a member of a member club pays dues to a member club, the member club is responsible for dues of \$40 to the Garden Club of Virginia. If a member belongs to more than one GCV member club and pays dues to each, each member club is responsible for GCV dues for that member.
3. All dues are payable to GCV by **March 1**.

FINANCIAL CONTRIBUTIONS MADE TO THE GARDEN CLUB OF VIRGINIA

The Garden Club of Virginia members' dues do not support any of the GCV funds. The Garden Club of Virginia is a tax exempt organization pursuant to section 501(c) (3) of the Internal Revenue Code; therefore, donations are deductible to the full extent allowed by law. Contributions to the Garden Club of Virginia can be made as follows:

- Checks made payable to the Garden Club of Virginia should be sent to :

The Garden Club of Virginia
Attention: Director of Development
Kent-Valentine House
12 E. Franklin Street
Richmond, VA 23219

- Gifts of stock can be made by contacting the Director of Development at 804-643-4128.
- Online contributions can be made by accessing the Garden Club of Virginia website at www.gcvirginia.org.
- Planned giving questions and policies should be directed to the Director of Development at 804-643-4128.

GCV Funds include:

The Garden Club of Virginia Annual Fund: The Garden Club of Virginia's Annual Fund was established in 2009 to provide unrestricted funds for the operation of the Club. Funds raised in one year are available to meet the needs of the following year's operating budget.

The Garden Club of Virginia Endowment: The Garden Club of Virginia Endowment was established in 1998 for long-term investment to provide a portion of the Garden Club of Virginia's operating expenses and for significant needs for the Kent-Valentine House.

The Garden Club of Virginia Conservation Fund: Established in 2007, the Garden Club of Virginia Conservation Fund is designated for long-term growth to fund the Bessie Boccock Carter Conservation Award on an annual basis and other Club conservation projects.

The Common Wealth Award Fund: The Common Wealth Award Fund was established in 1979 and is designated for long-term investment to provide annual grants to member clubs to promote projects in the areas of conservation, beautification, horticulture, preservation and education.

Additionally, donations may be made to:

Restoration: Along with the proceeds from Historic Garden Week, donations will be used for the restoration of historic gardens open to the public throughout the Commonwealth of Virginia.

SECTION 2

MEMBER CLUB GUIDELINES

FISCAL YEAR

The Garden Club of Virginia's fiscal year is from July 1-June 30. When possible a club's fiscal year should coincide with that of the Garden Club of Virginia.

BUDGET

- Prepare a budget for the club for the upcoming fiscal year by gathering budget requests from committee chairman and board members.
- Develop the budget to present to the board and/or membership at the first meeting of the club's fiscal year or as directed by the club's bylaws.
- Use previous year's expenditures as a guideline.
- A budget provides the chairmen with guidelines to manage club expenses.
- Chairmen should be encouraged to stay within their budgets and to seek approval before spending above the budgeted amount
- *See Appendix B for sample budget.*

ACCOUNT TYPES

- Operating or Administrative Fund
 - May be used for operating costs such as meetings, postage, printing, etc.
- Endowment Fund/Savings
 - May be created to allow a club to accumulate money from both its members and the public for future use.
 - Concept of an endowment fund is to accumulate enough money so that the income from the fund will enable a project to be funded without having to use the principal.
 - Is appropriate for a long-term commitment of recurring project.
 - Income from the endowment fund may also be used for operating expenses if the operative document so permits.
 - Permanence and lasting recognition are a great enticement for support of an endowment fund.
- Community Trust or Civic Fund
 - May be used for expenses for education activities such as speakers and those that benefit the public, such as public plantings, public flower shows, etc.

- Delegates' travel to the GCV Annual meeting and Board of Governors meeting may come from this fund.
- All club accounts should consider having at least two signers.

INCORPORATION

A club whose annual receipts exceed \$25,000 or whose activities include members of the public should consider incorporation in order to limit any possible liability for officers of the club.

- When a club incorporates, the club, rather than individual members, becomes financially responsible for any risks.
- It is advisable to contact an attorney who can assist the club.
- Incorporation does not affect insurance liability coverage.

FEDERAL TAX EXEMPT STATUS FOR CLUBS

- As defined by the IRS the 501(c) (3) designation is a tax-exempt status that allows a club to accept gifts, donations and grants that are tax deductible to the donor. If a club does not have its 501(c) (3) designation, it should be very clear in communications with potential donors that any contributions are not tax deductible to the donor.
- Each member club is autonomous and must seek its own exemption.
- Members are able to deduct as charitable expenses their non-reimbursed out-of-pocket costs and mileage while carrying out official club business. Accurate supporting documentation is required.
- It is advisable to consult an attorney and/or accountant to assist with the filing of IRS Form 1023, Application for Recognition of Exemption.
- Publication 557, "Tax-Exempt Status for Your Organization" is useful to ascertain what kind of information is needed for Form 1023. It may be downloaded at www.irs.gov/publications/pp557/ch01.html
- The IRS website www.irs.gov has downloadable forms and information.

TAX RESPONSIBILITIES

Form 990, 990-N and 990EZ

- Information on filing **Form 990 Return of Organization Exempt from Income Tax** can be found at www.irs.gov/pub/irs-pdf/i990.pdf. If there is a question about the club's obligation to file Form 990, **an attorney or accountant should be consulted.**

- Form 990 is an annual information return required to be filed with the IRS by most organizations exempt from income tax. Form 990-N is used if an organization normally has gross receipts of \$50,000 or less.
- “Gross receipts” include dues, interest, fundraising income (**including Historic Garden Week income**), etc.
- The term “normally” refers to the average of the club’s gross receipts for the year in question and the two preceding years.
- Good records and best business practices should be maintained to establish that a club’s gross receipts were less than \$50,000.

AUDIT

- If the club has a large annual income and regularly files Form 990, it should consider an audit.
- The more activity involving the general public that a club has, the greater the need for an annual audit.

SALES TAX EXEMPTION

- Sales Tax Exemption refers to a club having to pay sales tax on purchases made for club activities with club funds.
- A club must apply for its own state sales tax exemption.

CHARGING SALES TAX/ADMISSIONS TAX

- Check with a local attorney or accountant on whether the club needs to collect and remit sales tax or an admissions tax for an event, fundraising projector ongoing sales.

PERSONAL EXPENSES

- Reimbursed Expenses
 - Expenses paid by a member club for a delegate to attend an Annual or Board of Governors meeting are not considered income to the delegate.
 - Reimbursements for transportation, lodging and food directly connected to the purpose of the meeting, and not related to personal purposes such as extraordinary entertainment or non-related business expense, are not considered income.
 - A member may not claim reimbursed expenses as a tax-deduction.
- Deductible Expenses

- If a club has a 501(c) (3) tax determination letter, deductible expenses are non-reimbursed expenses incurred and paid for by members in carrying out **required duties** as a member of that club.
- Even if a club has no 501(c) (3) determination letter, non-reimbursed expenses carrying out required duties as a member of the Garden Club of Virginia are deductible.
- Such expenses include transportation, reasonable cost of hotels and meals while traveling away from home overnight, registration fees, and other related out-of-pocket expenses.
- If a member drives a personal car to attend a required meeting, the mileage, tolls and parking costs may be claimed as a deduction at the official IRS rate.
- For more information refer to IRS Publication 526 at www.irs.gov/publications/p526/index.html.
- Any questions concerning reimbursed and deductible expenses should be addressed to the attorney/account of the member club.
- **Documentation**
 - All receipts and records for expenses should be kept for a period of at least 3 years from the filing date for the year in which a deduction was claimed for possible IRS audits.

Insurance

The Garden Club of Virginia maintains General Liability and Excess/Umbrella Liability insurance through Virginia Commonwealth Corporation. The GCV policy provides liability coverage to GCV and its members against claims for property damage and bodily injury of others that may occur during a GCV sponsored event and for which GCV and/or its members are legally liable. This does not preclude a member club from obtaining a special event general liability policy in its name, to include GCV as an additional insured. All requests for a copy of the GCV's Certificate of Insurance should be directed to the GCV Executive Director.

- Covered events include the GCV Annual Meeting, the Board of Governors meeting, GCV flower shows, Historic Garden Week, Symposium, GCV workshops, GCV forums, and other official GCV activities.
- Members and volunteers who are working on a project, program, duty or activity for the GCV are covered by the GCV insurance policy.
- The GCV umbrella policy includes an insurance policy with \$5,000,000 coverage if a large facility is rented for a GCV event. Contact the GCV Executive Director if proof of coverage is required by the facility.

- The GCV insurance policy also includes a “Non-owned and Hired Automobile Liability” provision. Hired buses are covered, but a Certificate of Insurance must be obtained from the bus company, naming the Garden Club of Virginia as an Additional Insured indicating liability limits of not less than \$1,000,000.
- GCV’s general liability policy does not provide coverage for member club sponsored events. The member club should consider having its own general liability policy to cover these events. Instead of obtaining a special event policy for each club event, Virginia Commonwealth Corporation recommends a standard commercial general liability policy that would extend to all of the club’s events, unless excluded under the policy. Virginia Commonwealth Corporation can obtain a quote for each member club or the club can contact an agent of its choice.
- GCV and its member clubs must never make promises or statements on behalf of the insurance company, GCV or the member club regarding insurance claims.

For more information, please contact Lynn McCashin, GCV Executive Director at 804-643-4137 or lmccashin@gcvirginia.org.

FUNDRAISING

- Community fundraising events should state clearly the uses for which the money will be spent and whether the organization is a qualified IRS charity. (If the club does not have its 501(c) (3) designation, it should be very clear in communications with potential donors that any contributions are not tax deductible to the donor.

Example: Funds raised will be used primarily for _____. Any excess funds may be used to further the stated purposes of the Garden Club of _____.

This statement would allow use of excess funds, after the primary purpose has been served, for the educational club activities which could include mailings, meeting costs, etc.

- The member clubs formal mission statement might be included in publicity.
- A donor of any contribution or gift of **\$250.00** or more will need to be provided substantiation from the club.
 - The acknowledgment must include the amount of cash or description of the property received.

- A statement must be furnished indicating that the recipient of the gift was provided no goods or services. Ex.: “As required by IRS Code Section 170(f) (8), please be informed that no goods or services were provided to you in consideration for your contribution.”
- Clubs should have a policy on the handling of gifts of securities and property.

FUNDING REQUESTS

- Host clubs for the Annual and Board of Governors meetings are given \$4,500 by the GCV to help defray expenses. The host club may request its allotment from the GCV at any time during the fiscal year (July 1-June 30) in which the meeting takes place by contacting the Executive Director. (*Planning Guide Hosting the Annual or Board of Governors Meeting, pg. 3, located on GCV website under GCV Business: Hosting a GCV Annual or Board of Governors Meeting.*)
- Host clubs for Flower shows are given \$3,500 by the GCV to help defray expenses. The host club may request its allotment from the GCV at any time during the fiscal year (July 1-June 30) in which the flower show takes place by submitting a request to the GCV Executive Director.
- A **Request for Reimbursement Form** is located on the GCV website under “GCV Business: Standard Submission Forms.”

CONFLICT OF INTEREST POLICY

- A member club should consider having a Conflict of Interest Policy.
- Club members serving on the board, holding financial positions, or any position handling money, grants or contracts should annually sign a Conflict of Interest Statement.
- Sample wording for a Conflict of Interest Policy can be found in Appendix D.

APPENDIX A

CHART OF ACCOUNTS

While all member clubs spend money in similar ways, each club has unique attributes that require resources and expenditures to be allocated differently. Although the attached sample Chart of Accounts can be used as a template for initial design of a club's Chart of Accounts, additional accounts will probably have to be added to reflect the uniqueness of a club.

What is a Chart of Accounts?

A set of categories used to group income and expenditures.

How is a Chart of Accounts used?

To track specific types of income and expense such as:

- **Income**
 - Membership dues
 - Donations
 - Fundraisers
 - Historic Garden Week
- **Expenses**
 - Meeting space rental
 - Speaker fees
 - Dues paid to the GCV
 - Membership Directory
 - Club Projects
 - Annual Meeting
 - Flower Shows
 - GCV Annual Meeting and Board of Governors Meeting
 - Historic Garden Week
 - Publicity
 - Memberships

Accounting Software

The use of accounting software such as QuickBooks for Nonprofit or Quicken makes the job of club accounting much easier and clearer.

Appendix B

Sample Budget

INCOME

Membership Dues	\$10,000.00
Endowment Income	500.00
Riverside Park Gardens	0.00
Garden Memorials	100.00
Plant Flower/Sales	50.00
Council of Garden Clubs	0.00
GCV Journal for former members	0.00
Christmas Party	880.00
Joint Meeting	0.00

TOTAL INCOME \$11,530.00

EXPENSES

GCV Dues	\$ 4,000.00
GCV Annual and Board of Governors meeting	800.00
Membership meetings	600.00
Joint meeting	400.00
Christmas party	1,555.00
GCV Flower Shows	800.00
Riverside Park Gardens	800.00
Garden Memorials	0.00
Insurance	275.00
Accounting/Tax Return	0.00
Yearbook	150.00
Postage/Meeting notices	200.00
Community Fund	1,550.00
Honorariums	150.00
Scenic Virginia Dues	50.00
State Corporation Commission	25.00
Bank Fees	25.00
GCV Journal for former members	0.00
Miscellaneous	150.00

TOTAL EXPENSES \$11,530.00

APPENDIX C



**GARDEN CLUB
OF VIRGINIA**

REQUEST FOR REIMBURSEMENT

Send to Kathy Knollmann, Bookkeeper

Kent-Valentine House

Date: _____

Payment Requested By: _____

Name of Committee, Event or Position: _____

Reason for Expense: _____

List of Expenses (Receipts to be attached):

Check Amount Requested: _____

Make Check Payable to: _____

Send Check to:

Person Authorizing Payment: _____

IMPORTANT: Attach all receipts, invoices, bills, etc. No check written without these.

APPENDIX D: Sample Conflict of Interest Form

BOARD OF DIRECTORS OF THE GARDEN CLUB OF VIRGINIA CONFLICT OF INTEREST POLICY

This conflict of interest policy is designed to assist officers, directors, volunteers and staff of The Garden Club of Virginia (the "Garden Club") in identifying situations that present potential conflicts of interest and in providing the Garden Club with a procedure which, if observed, will allow a transaction to be treated as valid and binding even though an officer, director, volunteer or staff member has or may have a conflict of interest with respect to the transaction.

Definitions

Financial Interest: For purposes of this policy, the following circumstances will be deemed a Financial Interest:

- Outside Interests
 - A contract or transaction between the Garden Club and an officer, director, volunteer or staff member or a family member of an officer, director, volunteer or staff member.
 - A contract or transaction between the Garden Club and an entity in which an officer, director, volunteer or staff member or family member of an officer, director, volunteer or staff member has a material financial interest or of which such officer, director, volunteer or staff member is a director, officer, agent, partner, associate, director, personal representative, receiver, guardian, custodian, conservator, or other legal representative.
- Gifts, Gratuities and Entertainment
 - An officer, director, volunteer or staff member accepting gifts, entertainment or other favors from any individual or entity that:
 - does or is seeking business with the Garden Club
 - has received, is receiving or is seeking to receive a loan or grant, or to secure other financial commitments from the Garden Club
 - under circumstances where it might be inferred that such action was intended to influence or possibly would influence the officer, director, volunteer or staff member in the performance of his or her duties.
 - This acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value which are not related to any particular transaction or activity of the Garden Club will not constitute a Conflict of Interest.

Officer, Director, Volunteer or Staff Member: Any person serving as an officer, member of the Board of Directors, or on any committee of the Garden Club that has responsibility for making strategic and policy recommendations to the Board of Directors or otherwise has the power to commit financial resources of the Garden Club or in a senior administrative position of the Garden Club.

Family Member: A spouse, domestic partner, parent, child or spouse of child, brother, sister or spouse of brother or sister, of an officer, director, volunteer or staff member.

Material Financial Interest: A financial interest of any kind, that, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect an officer, director, volunteer or staff member's judgment with respect to transactions to which the entity is a party. This includes all forms of compensation.

Contract or Transaction: Any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, the establishment of any other type of financial interest. The making of a gift to the Garden Club is not a contract or transaction.

Procedures

Duty to Disclose

- Prior to board or committee action on a contract or transaction involving a financial interest, an officer, director, volunteer or staff member who is in attendance at the meeting will disclose all facts material to the financial interest. Such disclosure will be reflected in the minutes of the meeting.
- Any officer, director, volunteer or staff member who plans not to attend a meeting at which he or she has a reason to believe that the board or committee will act on a matter in which the officer, director, volunteer or staff member has a financial interest will disclose to the chair of the meeting all facts material to the financial interest. The chair will report the disclosure at the meeting, with the disclosure reflected in the minutes of the meeting.

Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the officer, director, volunteer or staff member, he or she will be excused from the board or committee meeting while the remaining board or committee members will determine whether the financial interest creates a conflict of interest.

Procedures for Addressing Conflict of Interest and Discussion of Matter

- An officer, director, volunteer or staff member who has a conflict of interest will neither participate in or be permitted to hear the board's or committee's discussion of the matter except to disclose material facts and to respond to questions nor exert his or her personal influence with respect to the matter. If considered necessary by the chair of the board or committee, the officer, director, volunteer or staff member having a conflict of interest may be asked to leave the meeting during the discussion of, and the vote on, the contract or transaction involving the possible conflict of interest.
- An officer, director, volunteer or staff member who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting will not be counted in determining the presence of a quorum for purposes of the vote. Such officer, director, volunteer or staff member's ineligibility to vote shall be reflected in the minutes of the meeting.

Review of Policy

- Each new officer, director, volunteer and staff member will be provided a copy of this policy for review and will be asked to acknowledge in writing that he or she had done so.
- Each officer, director, volunteer and staff member will annually complete a disclosure form identifying any relationships, positions or circumstances in which the officer, director, volunteer or staff member is involved that he/she believes could contribute to a conflict of interest arising. Such relationships, positions, or circumstances might include ownership of a business that might provide goods or services to the Garden Club. Any such information regarding business interests of an officer, director, volunteer or staff member or a family member of an officer, director, volunteer or staff member will be treated as confidential and shall generally be made available only to the Chair of the Board of Directors, and any chair of committees on which the officer, director, volunteer or staff member is serving.

THE GARDEN CLUB OF VIRGINIA
CONFLICT OF INTEREST DISCLOSURE STATEMENTS

To the best of my knowledge, the following relationships, positions, or circumstances in which I am involved may be a possible conflict of interest (as defined in the Garden of Virginia's Conflict of Interest Policy):

<u>Organization/Company</u>	<u>Position/Office Held</u>	<u>Term/Interest</u>

I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have reviewed, and agreed to abide by, the Conflict of Interest Policy of the Garden Club of Virginia that is currently in effect.

Name and Position

Signature

Date

Note: If, during the disclosure period, other potential conflicts arise, I agree to inform the Chair of the Board of Directors and modify this disclosure statement.