

Title: PREPARATION AND APPROVAL OF ANNUAL
OPERATING BUDGET

Number: FC010

Effective: May 11, 2005

Revised: Nov 14, 2007

Review Schedule: Annually at first meeting in calendar year

Last Review: Nov 14, 2007

Responsible Committee: Finance Committee

I. Definitions

- A. Fiscal or Budget Year: The fiscal and budget years for the Audubon Naturalist Society run from April 1st through March 31st, and are identified by the year in which they end – for example FY 2008 begins on April 1st, 2007 and ends on March 31st, 2008.
- B. CFO: Chief Financial Officer. Normally ANS will have a senior staff member with the title of CFO. However, if for some reason no one on the staff holds that title, The Executive Director will designate someone to act in that role and that person shall have all the authorities and responsibilities assigned to the CFO in this and other policies adopted by the Finance Committee..
- C. Senior Staff: Executive Director, Deputy Director, Director of Development, Director of Education and the Director of Finance.
- D. Budget Manager: The staff person responsible for the day to day management of a particular program, this person may not always be a department head.

II. Budget Guidance

- A. The preparation of the annual operating budget for the next fiscal year will begin when the actual financial results from the third quarter of the current fiscal year are available (typically before the end of January).
- B. At its regularly scheduled winter meeting the Finance Committee shall agree on guidance for the CFO to follow in preparing the budget for the next fiscal year. (example of guidance for FY 2008 is attached)
- C. The treasurer shall provide an information copy of the guidance to all the members of the Board of Directors.

III. Preparation of Draft Budget

- A. Using the guidance issued by the Finance Committee, the CFO will prepare draft budget after:
 - 1. Soliciting and reviewing budget requests from budget managers
 - 2. Meeting with senior staff to resolve conflicts and make adjustments to conform to guidance provided by the Finance Committee
 - 3. Reviewing the organizations salary structure to ensure there are no inconsistencies in terms of salaries paid to staff members with comparable backgrounds and responsibilities.
- B. The Draft budget will include:
 - 1. Reasonably projected revenues and expenditures by program area with comparisons to:
 - a. The approved budget for the current fiscal year and
 - b. A re-projection of revenues and expenditures for the current fiscal year based on the actual third quarter financial results
 - 2. A breakdown of major program areas by revenue and expense category
 - 3. A cover memo summarizing:
 - a. major changes from current year by program area and
 - b. Specific issues the committee may want to consider
- C. The CFO will present the draft budget to the Finance Committee (FC) at least three days prior to the regularly scheduled Budget Review meeting.
- D. The Finance Committee will review the draft budget to ensure it conforms to the guidance issued and identify any adjustments it would like to have made in the final proposed budget.

IV. Preparation of proposed budget

- A. The CFO will prepare a proposed budget by making, in consultation with the senior staff:
 - 1. The revisions requested by the Finance Committee
 - 2. Any other revisions deemed appropriate.
- B. The proposed budget will contain Basically the same information as the draft budget with the cover memo:

1. Summarizing any adjustments made to the draft budget,
 2. Identifying any disagreements that the staff may have with the requests for modifications made by the Finance Committee and the reasons for these disagreements
 3. Identifying any other issues that remain
- C. The CFO will submit the proposed budget to FC for approval at least three days before the regularly scheduled Budget Approval meeting.
- D. Members of the Finance Committee may request the CFO by email to clarify or explain elements of the proposed budget. All members of the Finance Committee shall be copied on such emails.

V. Approval of Final Proposed Budget

- A. The Finance Committee will approve the final proposed budget at regularly scheduled Budget Approval meeting. This approval can be:
1. Unqualified
 2. Contingent upon further adjustments being made to the proposed budget
 3. Qualified with the Treasurer having the responsibility to communicate the Finance Committee's qualifications to the Board of Directors.
- B. The Treasurer and the CFO shall present the proposed budget to the Board of Directors for review and approval at the regularly scheduled meeting in March. If the Board wants additional changes made, it may vote on revised final proposed budget by email or a special meeting.
- C. The decision of the Board is determinant, the decisions of the Finance Committee are advisory

VI. Dissemination of Approved Budget

- A. The CFO will:
1. Send a copy of the final approved budget to all members of the Board of Directors and Finance Committee;
 2. Convert the approved budget into a monthly budget for each program area and provide these monthly break downs to the budget managers.

VII. Review Schedule for Policy

- a. The Finance Committee shall review this policy on an annual basis at the regularly scheduled winter meeting.

Approval

Finance Committee Kathleen Malloy Date: 10/24/07
(chair)

Board of Directors: _____ Date _____

Attachment A to Policy FC 010

Example of Budget Guidance

Budget Guidance for FY 2008

1. Balanced budget that covers depreciation.
2. Forecasts a true picture of both anticipated revenues and expenses on the accrual basis
3. In accordance with policy, Investment Income will be budgeted at 5% of the portfolio balance at December 31, 2006. This will not include the gift annuity account.
4. Modest increase in the prices for selected programs. Summer camp and preschool.
5. Provides 4% salary increase for existing staff with at least one year's tenure. 2% for staff with less than one year tenure.
6. Will include two acquisition mailings. September and March, March mailing can be delayed if necessary.
7. Will include additional time for existing part-time staff, which will be expected to increase their hours to keep up with expected growth. Education, Development, and Sanctuary Shop
8. Capital budget, not to exceed the depreciation expense charged in the operating budget, will be presented at the same time.
9. Establish a pool of \$25,000 for staff salary adjustments.