

SOP # 10.1 Revision: 10-26-16

Prepared by: Bylaw/Policy& Procedures Comm.

Effective Date: 1-28-13

Approved by: Board of Directors

Title: **SANTA ROSA PLATEAU FOUNDATION (SRPF) - ANNUAL OPERATING BUDGET**

Policy: SRPF recognizes that every responsible organization needs an operating budget to be used as a planning document that supports the strategic plan and forecasts expected revenue and expenses for the coming fiscal year.

Purpose: The budget policy recognizes the importance of the annual budget process and ensures that the staff and the Board remain accountable for their roles in financial planning and oversight. The annual budget's purpose is to align with and support the SRPF's mission and will not deviate materially from goals and strategies; risk fiscal jeopardy; nor fail to show a generally acceptable level of foresight.

Scope: The following procedures will apply to the planning, implementation and oversight of the annual budget. The budget provides a means by which spending limits are set based on expected revenue levels, a system to allow for comparison of actual to budgeted results, and a means for setting program priorities and allocating appropriate resources to those priorities.

Procedure:

1.0 BUDGET PROCESS AND IMPLEMENTATION

- A. Three months prior to the beginning of the fiscal year the Executive Director and the Budget and Finance Committee will prepare a draft of the annual operating budget based on a review of financial activity for each of the prior three fiscal year(s) including, goals, budget assumptions and any other relevant information deemed appropriate.
- B. The annual budget will be a phased and balanced budget. The expenditures for any fiscal year will not exceed funds that are available or conservatively projected to be received in that period.
- C. Board members will be invited to submit written suggestions for revenue generation and expenses at the Board meeting held three months prior to the annual budget approval.
- D. The Chairman of the Budget and Finance Committee and Executive Director will present the draft budget to the Board for review by the at the regular Board meeting two months prior to the beginning of the fiscal year. The Board will discuss and approve or reject the annual budget at that meeting. If the budget is rejected, the Board will direct the Executive Director and Budget and Finance Committee to amend the budget for changes as directed by the Board.

- E. Once the annual budget has been approved for the fiscal year, the budget will be included in the accounting system of the SRPF. As monthly financial statements are prepared, a comparison of actual monthly results of operation to budget figures will also be prepared. The financial statements and budget variances with explanations will be reviewed by the Board at each regular Board meeting. When deemed necessary as a result of an extraordinary financial occurrence, the Board may revise the budget to fund additional services or make allowances for other unbudgeted revenues or expenses. The Budget and Finance will first carefully review such an occurrence and make any recommendations to the Board based upon that review.
- F. In addition the Budget and Finance Committee will meet at least quarterly to review current and projected budget variances making adjustment recommendations to the Board when necessary.