

## II. BUDGET AND MANAGEMENT

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**Effective Date: April 21, 2008**

### A. BUDGET

The budget represents a proposed plan for raising and spending funds for specified programs, functions, activities, or objectives during a fiscal year. The annual budget should include the organization's total overall operating budget as well as separate operating budgets for specified programs, activities and grants. A non-profit organization's governing board should review and adopt an annual budget prior to the start of each fiscal year. This duly enacted budget authorizes and provides the basis for the control of financial operations during the year. To ensure effective budgetary control and accountability, the approved budget should be incorporated into the accounting and financial reporting systems.

The organization's proposed budget should be "balanced" in that projected revenues are equal to estimated expenses at all budgetary levels. However, if the organization has an undesignated fund balance amount which has accumulated from excess revenues in prior years, the board may use a combination of projected revenues and designated fund balance to balance the budget for a given year.

The governing board may amend the budget during the year due to changes in budget estimates, the receipt of new grant funds, etc. However, each and every change or amendment to the budget must be approved by the governing board and recorded in the official minutes. Also, it may be necessary to secure the approval of a particular funding agency if the amendment involves changes to the budget initially approved or awarded by the agency.

The governing board may decide to allow grantee management to make budget changes or amendments, within certain dollar limits, without securing prior board approval. However, if this practice is approved by the board, there should be a requirement that the budget changes are to be reported to the governing board at its next meeting, acted upon by the board, and entered into the official minutes.