

## REQUIRED AUTHORIZATION TO INCUR EXPENSES ON BEHALF OF ALC

Who is authorized to decide to expend ALC funds or incur a liability for ALC?

The answer is: No One Person.

Anyone who incurs an expense or a liability for ALC needs authorization.

The primary source of authorization is the budget. The budget attempts to list, in various categories of activity, all the expenses which ALC can afford to make in a given year.

If an unbudgeted expense arises, then the proper course of action is that the appropriate Town or Standing Committee collectively agrees that the expense is necessary and that the amount is appropriate, and then that Committee forwards the request for funding to the Finance Committee, who determines whether and how it can be fit into the budget (i.e., the plan of expenses).

Budgets are used as planning tools, and represent the best guess of what each sub-group of the organization will spend in the upcoming year.

- 1) Each Town Committee and Standing Committee should submit a budget request to the Treasurer or the chairman of the Finance Committee by Feb 15 of each year. In the absence of a new proposed budget for any committee, the previous years' budget for that Committee will be used.
- 2) The Treasurer will confer with the Chairman of Stewardship and then with the Finance Committee to draft an overall budget, and present it to the Board by mid-March. The budget will be finalized by the end of April each year, and must be adopted by the Board to become binding.
- 3) The budget for each Town Committee or Standing Committee captures those expenses which the group anticipates for that year. Each Committee decides on their necessary activities, and determines the cost of that activity. Ultimately, when a budget is approved, the Committee can authorize that expenditure and the Treasurer will pay it.

The Board in effect reviews the decisions made by the committees when the Board considers the next proposed budget. They can decide that a committee made a wrong decision and clarify the point so the committee will make the right decision the next time. Bad decisions will get by once, but should not again.

The committees and the categories of activity for which they are responsible are:

<u>Committee</u>	<u>Category of activity</u>
Acquisition Committee	General acquisition expenses, not including costs relating to the acquisition of a particular property
Personnel Committee	Board Development/Nominating; Personnel Expense; Office Expense
Development & Public Relations Committee	Expenses budgeted for Public Relations and Development

Finance Committee	Expenses budgeted for Finance
Stewardship Committee	Expenses budgeted for Stewardship
Each Town Committee	Expenses specifically allocated to each town in the budget.

Town Committee Expenses. Since the allocation of some expenses to the town committees is new in 2011, there will be some flexibility until the towns and the Finance Committee can develop a realistic sense of the expenses that should be in their budget and what they should be used for.

Expense in excess of budget If an expense is clearly contemplated in the budget, authorization of its payment may be made even if it exceeds the amount provided in the budget. For example, renewal of our regular insurance coverage may cost more than the prior year and therefore more than provided in the budget. The authorization to pay is still good, and an adjustment in the next year's budget will have to be made to allow for the increase. If the excess over budget is large enough, or a series of expenses contemplated by the budget in a particular category significantly exceeds the amount budgeted, the Finance Committee should be notified so it can determine if any special steps should be taken to limit further current year expenses of a similar kind, or funds should be diverted from other areas of the budget.

The areas where a committee needs to get involved are:

1. Unexpected expenses, like the repair of a bridge washed out in a freak storm, a decision to take on a new line of insurance or to increase coverage or limits.
2. New initiatives, like a town committee wanting to take on a special project, or any committee deciding we ought to do something we haven't been doing, or to hire someone to do something we have previously done ourselves as volunteers.

#### Donations and Targeted Giving

The Finance Committee strongly discourages donations earmarked for a specific Town or project. Unchecked, this would lead to a wide disparity in resources across the different Towns in Avalonia. However, we recognize that an organization as dependent upon donations as we are would be ill-advised to refuse targeted donations. We can only explain why targeted or earmarked donations are not encouraged.