

## **BUDGET POLICY**

### **A. DEFINITIONS**

“**Budget**” is a document prepared by an Executive for Club approval that projects income and expenses for a Budget year. Revenue from the Lobster auction received in May is revenue in the *following* Budget year.

“**Budget year**” means July 1 to the following June 30.

“**General Purpose Fund**” means money designated in a Budget to an area of service (International, Vocational or Community) but not allocated to a Project.

“**Project**” means an activity, event, facility, program or item identified by the responsible Director to the Executive or Club members such as donations to a humanitarian relief effort or aid project, construction of a park or building or support of an organization such as Turning Points or Victim Services.

### **B. BUDGET PREPARATION, REPORTING**

1. Presentation of Budget - By **August 1<sup>st</sup>** of each Budget year the Executive will prepare a Budget and recommend it to the Club for approval by the members.
2. Presentation of Financial Statements - The Executive will present unaudited financial statements to the Club by **December 31<sup>st</sup>** each year.
3. Contents of Budget – A Budget will itemize Projects proposed by the Executive, or General Purpose Funds for an area of service or administration not allocated to Projects or expenses. It will contain a separate category dealing with revenue received from Club members, and the use of that revenue. Hospitality (food, beverages, entertainment) for Club members or their guests should be paid from revenue received from Club members, and not from revenue raised through Club fund-raising activities. Amounts budgeted and spent on airfare, hotel and Rotary International Convention registration (including the President-Elect’s Luncheon) for the President-Elect to attend the RI Convention will not be considered as “hospitality” within the meaning of this policy. Other expenses being reimbursed to the President-Elect, Directors or Members, including food, sundry or incidental expenses or other or other conference or assembly registration costs will be considered hospitality expenditures to be paid from revenue received from Club members.
4. Club Amendment of Proposed Budget - A member may move that a specified Project proposed in a Budget be removed from the Budget prior to a Club vote on that Budget. If that removal is approved by a majority of those present at the meeting, the funds allocated to the Project will be transferred to the General Purpose Fund of that area of service; the Club will vote on the Budget as amended. The removed Project may be resubmitted to Club for approval as a Project from the General Purpose Fund at the discretion of the Executive.
5. Budget Reports - At least twice each budget year (by **November 30** for the period from July 1 to October 31 and by **March 31** for the period from November 1 to February 28) the Executive will provide a report to Club comparing actual income and expenses for the Budget year to the Budget.
6. Project Carry-Over - If money approved by the Club for a Project is not spent in a Budget year, the money shall go into the General Purpose Fund for the following year, unless the Executive approves the creation of a dedicated Reserve Fund for that Project. That dedicated Reserve Fund will be shown in the Club’s financial statements until the Reserve Fund is spent or the Project cancelled.

7. Club Must Approve Expenditures From General Purpose Funds – Except as allowed in paragraph 8, below, General Purpose Funds can only be spent on Projects not identified in a Budget with the subsequent approval of the Club, on the recommendation of the Executive. Approval of such expenditures will follow the process set out in Section C, below.
8. Expenditure of General Purpose Funds Without Club Approval – In each Budget year the Executive may approve the expenditure of General Purpose Funds without the approval of the Club, except that the total of such expenditures in a Budget year **cannot exceed 5%** of the total expenditures budgeted to be made by the Club in that Budget year.
9. Club Reserve Fund Policy - The Club will have a **Club Reserve Fund** that may be used to fund approved Projects when there is an unexpected revenue shortfall, or to fund extraordinary expenses or Projects not approved in the Budget. Money can only be taken from the Club Reserve Fund with approval of the Club. The Club Reserve Fund can contain no more than 50% of the budgeted expenses in the current Budget year.
10. Project Expenditures - The Executive can spend amounts that are contained in an approved Budget on specified Projects without further approval of the Club.

### **C. EXPENDITURE OF GENERAL PURPOSE/RESERVE FUNDS**

Unbudgeted Project expenses can be paid either from General Purpose Funds or from the Club Reserve Fund with Club members approval in the following way:

1. The members will receive a presentation from the person or committee requesting approval of the Project;
2. A vote to approve or reject the Project funding will be held at the Club meeting **following** the meeting at which the presentation is made. A simple majority of those attending the meeting at which the vote is held is needed to approve the Project. The vote is held by show of hands, unless a secret ballot has been requested;
3. When a member has requested a secret ballot, the President will call for a show of hands; a secret ballot will be held if a majority of those attending vote in favour of a secret ballot;
4. If a member moves that the vote be held at the meeting at which the presentation is received, rather than the next meeting, the President will call for a show of hands on that question; a **two-thirds** majority of those attending the meeting is required for the vote on the Project to be held immediately rather than the following week.