

# South Dakota Association of the Deaf

## Budget Policy and Procedures

### Introduction

The budget is the primary instrument of fiscal control, and accordingly, contains all projected revenues and expenditures of the operations of the South Dakota Association of the Deaf (SDAD).

The budget expresses, in terms of dollars, the funded programs/operations and plans of the SDAD for the fiscal year and the estimated incomes necessary to finance the operations and plans. SDAD receives about **95%** from CSD; **3%** from other sources of funds, including donations/gifts, fundraising and miscellaneous sources and **2%** of its support from the membership fees.

### Budget Management

In accordance with the Bylaws, the Board of SDAD has general supervision over the organization and its budget.

The Treasurer is responsible for facilitating the bi-annual budget process and for overseeing budget management throughout the two years. Partnering with the SDAD Finance Committee, the Treasurer allocates budgetary resources. They identify resources needed to achieve the goals and plans. The Treasurer is accountable for achieving revenue goals and for managing spending within the approved budget.

### Budgeting and Finance

The Treasurer reports to SDAD Board. The primary responsibilities are to:

- Prepare the bi-annual budget submission to SDAD members at the Conference
- Support the Board on budget matters.
- Manage resource allocation for the organization.
- Develop and monitor the organization's bi-annual budget.
- Allocate funding to Reserved Fund

### SDAD Foundation

The Foundation is a non-profit 501(c)(3) corporation separate from the organization. It has been designated by the Board of Trustees to:

- Solicit, receive, hold and manage funds and investments on behalf of the organization.

- Ensure professional management and stewardship of the contributions to support specific programs and projects.
- Maintain strict adherence to donors' philanthropic intentions.

## Fund Accounting

Fund accounting is the method of classifying resources into categories according to the purpose of use. Each fund is self-balancing and has separate assets, liabilities and a fund balance. The broad fund groups currently being utilized by the organization are:

- **General Funds** are earned revenues generated by the organization operations and used for such purposes as general operations, sponsorship, etc.
- **Permanent Restricted Funds** are restricted for specific purposes such as Conference/Hall of Fame, SDAD Games, SDSD Reunion and Youth
- **Temporary Restricted Funds** are for programs such as Outreach, Cultural Heritage and LEAD-K.
- **Reserved Fund** is an unrestricted fund balance set aside to stabilize the organization's finances by putting money set aside to cover possible unforeseen future expenses.

The Board can establish **Temporary Restricted Funds** any time and they can either close or delete them during the board meetings.

**Permanent Restricted Funds** can establish and either close or delete by the members at the bi-annual conference.

The Board shall follow SDAD Finance Committee Policy and Procedures

SDAD shall allocate 75% of money received from CSD to the SDAD Foundation each year.

## Budget Surplus

The members at the bi-annual conference will determine what to do with Budget Surplus. The budget surplus can be allocated to either Reserved Fund or SDAD Foundation. Or it can be "Carry-Over" to the next fiscal year. The SDAD Finance Committee will make recommendations for the members' consideration.

## Fiscal Year and Accounting

The fiscal year begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup>. Within a fiscal year, there are 12 accounting periods, one for each month, starting with July as accounting period 1 and ending with June as accounting period 12. Financial activity sometime occurs on a

quarterly basis, representing 3-month periods. For example, July-September is the First Quarter. October-December is the Second Quarter, and so on.

### Revenue, Expenses, Net Income – A Balance Budget

Proper accounting practice requires that the organization keeps track of and classify financial activity. Here are basic classifications used in managing budget day-to-day are:

**Revenues** (i.e. Income or Funding Source) are earnings that come into the organization. Revenues may include membership fees, donations, interest earned, fundraising, etc.

**Expenses** (Expenditures or Spending or Funding Uses) represent purchases and other costs paid out by the organization such as supply vendors, insurances, consultants, travel-related, rent, and so on.

**Net Income** (Surplus or Deficit) is the mathematical difference between revenue and expense. When revenues are greater than expense, the amount represents a “surplus”. When expenses exceed revenue this is a “deficit.”

**Balanced Budget** a non-profit organization may not earn profits. Nor should it run deficits. Therefore the budget must be balanced to establish the discipline of maintaining expenditures within the expected revenues for the fiscal year.

### Budgets vs. Actuals – Basics

A **budget** is a plan or forecast of revenue, expenses, or both, for a future specified time frame such as a fiscal year. An approved expense budget serves as a spending allowance. Spending in accordance with a budget plan helps fulfill goals and helps ensure that the organization spends only as much as it earns. A budget is also a mechanism for controlling spending within a financial system.

The **base budget** is the original Conference members approved budget at the start of a fiscal year, plus any permanent adjustments that were designated as original so as to become part of the base budget for the future.

**Actuals** are the real financial transactions of revenues coming in and expenditures going out. This differs from budgets, which are a forecast and approved spending plan, not actual income or expense.

**Accounting** refers to the processes involved in recording all actual financial transactions in the financial system.

**Journals** are the methodology used for recording all budgetary and actual financial activity.

**Variance** is a calculation of the difference between two pieces of data such as Actuals vs. Budgets., as a means to determine how well actual spending is adhering to the approved budget plan.

## **Bi-annual “Budget Call” Process & Guidelines**

### **Process Overview**

In odd-year, the organization develops a new unrestricted operating budget for the next two years. The Treasurer begins its internal budget development process on or about April or May. The Treasurer shall have SDAD Finance Committee to review the unrestricted operating budget and make recommendations for revisions. Once the “temporarily approved” budget by the Finance Committee, the budget will be reviewed and approved by SDAD members at the bi-annual conference.

SDAD Governance Committee is responsible for any revisions of SDAD Budget Policy and Procedures and shall bring to the biennial Conference for the vote and approval. Any changes, additions or deletions in permanent restricted funds shall be approved by the members at the Conference.

Approved by SDAD Members at the Biennial Conference on (TBD)