

Advancement | UCF Foundation, Inc.

Budget Development and Approval Policy

Policy# 7.21

Effective Date: 12/15/2020

Responsible Department: Accounting

1. PURPOSE

The purpose of this policy is to outline the approval process of the University of Central Florida Foundation, Inc. (Foundation) operating budget and the real estate budgets. These budgets provide the fiscal parameters for the operations of the Foundation. The budget for operating revenues includes unrestricted contributions, earnings from non-endowed funds, internal fees assessed, support from the University of Central Florida (University), excess earnings from rental properties, and other identified sources of funds. The budget expenditures include grants to University divisions, fundraising expenses, administrative expenses, alumni expenses, and other identified uses of funds. A real estate budget is prepared for each of the properties owned by the Foundation. The revenue for each of these budgets includes rental income from leases associated with buildings. Expenses include the operating and maintenance expenses needed for the upkeep of the properties.

2. APPLICABILITY

This policy applies to all employees that use, administer, or oversee funds provided from the Foundation's unrestricted budget.

3. POLICY

The Foundation's budgets are prepared on an annual basis. The budgets must be approved by the Chief Executive Officer (CEO), Chief Financial Officer (CFO), University President, University Board of Trustees (BOT) Finance Committee, and the University of Central Florida Foundation Inc. Board of Directors (BOD). Once the CEO, and CFO finalize a preliminary draft of the unrestricted operating budget, it is submitted to the President of the University for final input and approval. In addition, the CEO, and CFO are also responsible for approving the final property budgets. All final proposed budgets are presented to the BOD Finance Committee, which is a committee of the BOD authorized in the bylaws to advise the BOD regarding the general fiscal policy and fiscal management of the Foundation, for review and recommendation of approval to the BOD Executive Committee or the BOD as the case may be. Once the BOD or Executive Committee approves the Foundation's annual unrestricted operating budget, the budget will be submitted to the BOT for review as required by University Direct Support Organization (DSO) regulations.

The total budgeted sources of funding must be greater than or at least equal to the budgeted expenditures. It is the responsibility of the CEO and CFO to prioritize the departmental requests by determining the best use of the funds and to ensure that the budget is balanced.

Amended Budget Approval

The CFO will notify the Finance Committee if total revenues are lower than budgeted for the quarterly period or if expenses are higher than budgeted for the quarterly period. If either case occurs and it is expected that

the total revenues will be under budget or the total expenses will be over budget for the entire year, the CFO will provide an updated budget forecast to the Finance Committee. If changes are considered substantial by the Committee, the Finance Committee will review the proposed amended budget and if approved, submit the amended budget to the board or the Executive Committee for final approval. The amended budget is required to be approved in accordance with the same policy as outlined above.

Authorization to reduce Budget Allocation

If an amended budget forecast requires reducing expenses in order to balance the overall budget; the CEO has the authority during the year to approve reducing the original budgeted allocations provided to a department project/cost center. This authority is given at any time during the year and specifically allows authorization of reductions to occur in advance of a Finance Committee meeting, formal BOD approval or Executive Committee approval of the amended budget.

Reallocation of funds between Offices/Departments

The CEO may approve a reallocation of funds transferred between Foundation Advancement Offices (Offices), (Alumni Engagement and Annual Giving, Development, & Administration), or University Grants. (Note if the CEO is out of the office, then CFO and Chief Development Officer (CDO)/Associate Vice President Alumni Engagement and Annual Giving may jointly approve the reallocation and will copy CEO on such notification). Such transfers, including transfers between departmental operating cost centers or salary cost centers, will be authorized as long as the total expenses are not increased compared to the approved budget for total expenses.

Reallocation of funds within an Office

An Associate Vice President for an office, (Alumni Engagement and Annual Giving, Development, & Administration), may approve a reallocation of funds transferred within their Office's departmental operating cost center budgets. This will be allowed as long as the total of the Office's departmental operating cost center allocations are not increased compared to the approved budget for the Office's total operating expenses.

5. CLARIFICATION

Requests for clarification of this policy should be sent to the Associate Vice President and Chief Financial Officer.

Certified as approved by the Executive Committee of the Foundation Board of Directors on December 15, 2020.

Name: Rachel Schaefer

Title: Associate Vice President for Advancement Strategy and Chief Operating Officer

Revision history: 5/18/2015

Adoption Date: 5/11/2005

History: 146