



APPROVED
BOARD OF DIRECTORS
September 27, 2016

EXHIBIT

Budget Development Process

Overview

The annual budget process as currently described in GVR's Corporate Policy Manual (CPM) Budget Development Policy must be updated to incorporate expectations of the 2016 Reserve Study, process improvements, and heightened responsiveness to members and clubs.

Recommendation

Amend the CPM as follows:

SECTION VI – BOARD/BOARD COMMITTEES

Section VI was approved by the GVR Board of Directors January 28, 2014; except as amended.

C. DUTIES AND RESPONSIBILITIES OF BOARD COMMITTEES

3. Planning and Evaluation Committee

a) Responsibilities:

1. To review and discuss on an annual basis, the capital evaluation requirements, and any documents required for club and miscellaneous capital funding requests submitted to the P&E Committee.
- ~~2. To evaluate and recommend to the Fiscal Affairs Committee the annual capital budget, using a prioritization process that includes data points such as: safety, maintenance, cost, benefits, and/or useful life. (See Capital Budget Approval Process flowchart at the end of this section.)~~
- ~~3. To evaluate and recommend to the Fiscal Affairs Committee all club and miscellaneous requests for total capital costs of \$20,000 or more. (See Non-Budgeted Capital Requests flowchart at the end of this section.)~~

4. ~~To evaluate and recommend to the Fiscal Affairs Committee any club and miscellaneous requests outside of the annual capital budget process that results in a variance to the currently approved budget. (See Non Budgeted Capital Requests flowchart at the end of this section.)~~
5. To be knowledgeable of the Strategic Plan, Long-term Capital Plan, and Center Assessment Survey to ensure that all capital-funding recommendations comply with these plans.
6. To identify issues and trends that could contribute to the update of aforementioned plans.

APPENDIX I – BOARD POLICIES

SUBSECTION 1. BUDGET DEVELOPMENT POLICY (Approved 9/23/2014)

OBJECTIVE

This Policy Statement provides the framework for annual budget development, review, and adoption. Included in this Statement are the budget development milestones and the recommended timetable for their completion to ensure that all necessary contributions and approvals are completed and on schedule.

A. Policy

1. References.
 - a) GVR Bylaws - Art. III, Sections 1 - 5
 - b) GVR Bylaws - Art. VI, Section 2
 - c) GVR Bylaws - Art. VII, Section 4D
 - d) Corporate Policy Manual - Section II, Subsections 3A - 3F
 - e) Corporate Policy Manual - Section V, Fiscal/Accounting
 - f) Corporate Policy Manual - Section VI, Subsections 4C2 & 4C3
 - g) Corporate Policy Manual - Section VII, Subsection 1A
 1. Reference 1a above states: "Membership dues and operating and capital budgets shall be established by the Board of Directors."
 2. References 1e - 1i provide responsibilities in establishing and executing budgets for GVR, Inc. These guidelines should be followed by the CEO/staff in developing budgets for GVR, Inc.
2. Schedule for annual budget preparation and approval process (structured for a calendar year):
 - a) January/February.
 1. CEO/staff will solicit any capital or operational needs from GVR clubs and programs. A list of operational and capital needs will be developed. Staff will provide cost estimates for these projects.
 2. Staff begin the annual Facilities Center Assessments process.

- b) March. The Planning & Evaluation (P&E) Committee reviews and prioritizes Club requests greater than \$20,000 for current Fiscal Year implementation. Projects less than \$20,000 are included in the Center Assessments. Clubs will be notified by P&E (or designee) of the status of their projects (either funded or unfunded).
- c) April/May. Staff prepare, prioritize and provide cost estimates for Center Assessment maintenance and capital replacement project lists.
- d) June/July. CEO/staff prepare operations and capital budgets.
- e) August.
 - 1. Staff provides recommendations for Center Assessment priorities from center assessments and reserve study. (maintenance and capital replacements)
 - 2. P&E Committee considers 10-year strategic master plan projects for upcoming fiscal year.
 - 3. Fiscal Affairs (FA) Committee considers staff proposal for fiscal year operating budget, and schedule of dues and fees.
 - 4. FA Committee considers P&E Committee recommendations for new capital improvement projects from the 10-year strategic master plan.
 - 5. Staff determines and notifies the P&E Committee of budget available for capital club requests for the following calendar year.
- f) September/October.
 - 1. Board of Directors will approve the Schedule of Dues and Assessments; Board of Directors reviews and approves annual operating and capital budgets.
 - 2. The Board of Directors will to have an approved budget available for execution no later than November 15.
- a) Approved Annual Operating & Capital Budget Implementation
Once the annual operating and capital budget is approved, the CEO will execute the budgets within the overall budget totals. Any proposed additions to the annual budget after approval by the Board of Directors will be forwarded to the Board for authorization prior to execution.

B. Limitations

- 1. The CEO is guided by references cited in the *Policy Statement* in developing dues and assessments. These should not be exceeded unless approved by the Board of Directors.
- 2. The CEO is guided by the development process cited above in paragraph three. From time-to-time the CEO will apprise the Board of Directors of the status of the budgets being developed.
- 3. Once approved by the Board of Directors, the CEO may execute the annual budgets within the overall budgeted amount.

4. The CEO may shift amounts between line items in the Board-approved budget to meet current or anticipated needs. Any line item that is decreased or increased by more than 15% or \$15,000, whichever is greater, should be reported to the Board of Directors.
5. The status of reserve funds will be reported in the annual budget development process. After Board approval, reserve funds will be an integral part of GVR budget development. The CEO is encouraged to bring the most appropriate funds and their execution forward for approval.