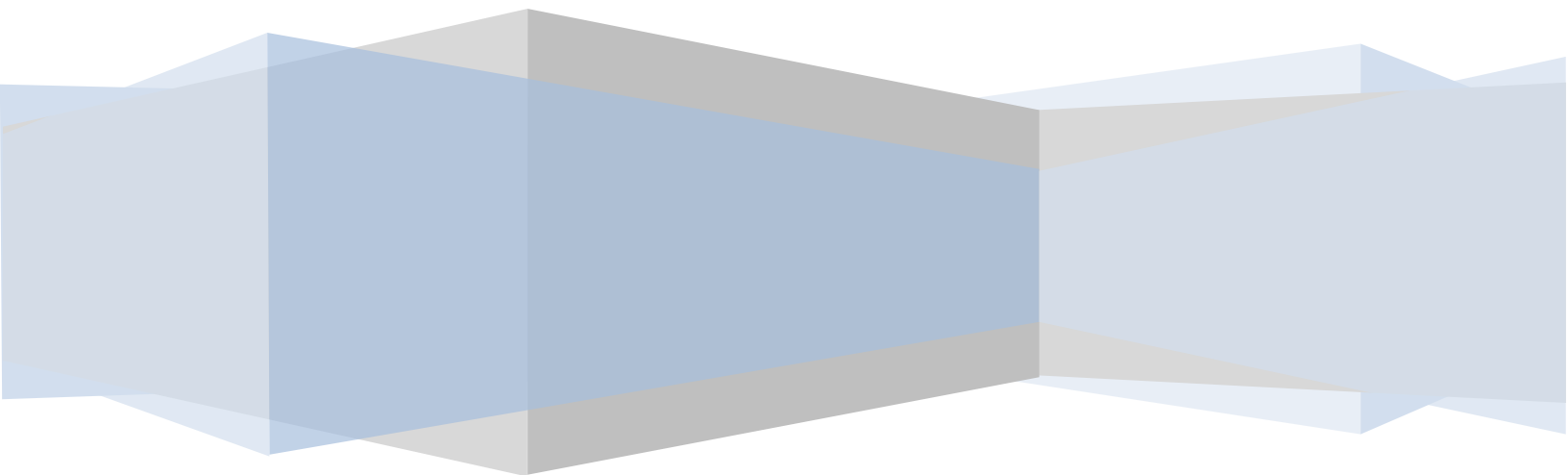




New Canaan Board of Realtors
Budget Policy



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1 Purpose

This document describes the *New Canaan Board of Realtors* budget creation process and procedures for requesting budget adjustments.

The Finance Committee is responsible for the preparation of the Association's annual budgets, using the Strategic Plan as a guideline, and submission of the budgets to the Executive Committee and Board of Directors for approval.

The planning & budgeting process is conducted on a one year cycle. Budgets are developed at the program level by the CEO and CFO to define the revenue, direct expense, and labor components for each proposed program within the Association. Finance Committee recommendations are submitted to the Executive Committee and the Board of Directors for final approval.

Each year at the Year End meeting, the Board of Directors approves the Association's proposed annual budgets for the following fiscal year. Subsequent to this approval, circumstances may arise in the course of that operating budget year, or even prior to its start, which necessitate adjustment of funding to accomplish enhanced, new, or changed priorities within the Association's budgetary plan. When these events occur, it is the responsibility of the committee staff executive to work with senior management to identify the financial impact to the Association, as well as review options of what could be reprogrammed in their area to cover funding for the request. Any resulting recommendations detailing the proposal for funding, along with rationale to support the request, are presented for review and approval to the Finance Committee, the Executive Committee, and to the Board of Directors before inclusion in the Association's approved operating budget can occur.

At their regularly scheduled meetings and as otherwise deemed appropriate, the Finance Committee will review the underlying assumptions that were used to develop budgeted funding levels for the Association. Among the areas inclusive in this review are membership levels, interest income, taxes, and interest expense. The Finance Committee may recommend to the Executive Committee and Board of Directors that certain funding adjustments are made to the current year and/or next fiscal year operating budget as a result of these reviews.

From time to time, it may be deemed prudent and advisable for the operating budget to reflect a net loss, or budgeted expenditures in excess of budgeted revenues. Should the Association's current year operating budget bring about a net loss position as a result of additional funding adjustments approved by the Finance Committee and Board of Directors outside of the normal budget review process, the projected loss position will be used to compare against the actual financial results. The Finance Committee will closely monitor the financial results on a monthly basis, coupled with review of program forecasts, to determine the extent of the projected year-end loss and conclude whether adequate

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reserve levels exist to absorb the loss. Should it be determined that the loss may bring the reserve levels below the core reserve requirement (as defined in the Statement of Investment Policy), the Finance Committee will develop recommendations to reduce the core reserve requirement or for reducing programming costs. These recommendations will be presented to the Executive Committee and Board of Directors for review and approval.

2 General Guidelines

The following section describes the procedure for requesting budget adjustments.

The requests should be anticipated at least sixty (60) days prior to the next upcoming meeting. The CEO will notify the Finance Committee that a request will be forthcoming and coordinate the date the completed request is needed.

The CEO must submit a request for any budget adjustment to the Finance Committee and BOD for review.

The Finance Committee reviews the request for financial integrity and available Association funding, and approves or denies the request. The staff executive is apprised of the Finance Committee's decision.

The CEO and/or Finance Committee present the budget adjustment request to the Board of Directors. The Board of Directors approves or denies the request.

Note: The CEO has the authority to direct reprogramming of funds within the current year operating budget of up to \$15,000 per occurrence, and duly notice on the monthly financial reports any reprogramming over \$5,000.