

UNITED WAY OF BROOME COUNTY, INC.

BUDGETARY POLICIES AND PROCEDURES

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BUDGETARY POLICIES AND PROCEDURES

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I. INTRODUCTION

The United Way of Broome County, Inc., the successor to the Broome County United Funds, Inc. and the Broome County Social Planning Council, Inc., has as its prime goal the development of Broome County as a community where the health, recreation, and welfare needs of all people are met equitably and thoroughly regardless of race, religion, or economic status.

The United Way is organized as a cooperative enterprise of contributors, volunteers, users, and providers of services. The United Way is committed to bringing about a rational, integrated system based on balancing changing human services needs and all the community resources available to meet them. The United Way is more than a combined agency fundraising program. It is concerned with more than planning, fundraising, and allocations for voluntary services; it has a legitimate and overriding concern for people, the problems they face, and all the means for resolving them.

The policies that follow set forth a framework of responsibilities to support the fulfillment of the above goal by the United Way in cooperation with its member agencies.

PHILOSOPHY OF UNITED WAY ALLOCATING AND SOCIAL PLANNING

The approach of the United Way to financing is based on the premise that the whole can be greater than the sum of its parts. This approach requires a voluntary sharing of sovereignty in which all parties concerned recognize that overall needs and objectives transcend the interests of any one organization.

This is a process through which the hopes and plans of member agencies are reviewed against the background of the unmet needs of the community and the services and programs of other agencies that are supported through voluntary contributions, private foundations, and/or government sectors. It is a process in which both allocating and social planning have major roles.

Within this context, each member agency must maintain its right to manage its own internal affairs and its responsibility to be especially concerned with a particular service or program area.

The essential autonomy of the individual agency is recognized, and the responsibility of the agency's Board of Directors for management shall be accepted as basic to the relationship between the United Way and each member agency. This does not preclude the United Way from making recommendations to the agencies on concerns it may have regarding programs, services, budget, and administration of any agency or field of service.

The United Way has a dual objective to its allocation-planning role, and each objective is interrelated with the other:

Objective A

Assess on a continuing basis the need for human service programs; seek solutions to human problems; assist in the development of new or the expansion or modification of existing human service programs; promote preventive activities; and foster cooperation among local, state, and national agencies serving Broome County.

Objective B

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Deploy United Way financial support so as to maximize the resources available to agencies for services aimed at the most urgent current needs of the community, including those services supplied by organizations not now receiving United Way financing.

The allocating-planning process requires a continuing effort to come to a mutual understanding based on a sharing of viewpoints and information. No one group has a monopoly on the wisdom and knowledge needed to decide what is best for a community. Such decisions must be arrived at through joint planning activities in which voluntary and public agencies, community groups, and the community-at-large participate.

DEFINITION OF TERMS

Allocation: The MONEY authorized by the United Way Board of Directors to support the operating budget of an independent agency.

Allocating: The PROCESS by which decisions are made as to how available money will be distributed among independent agencies.

Budget: A STATEMENT of the financial position of an independent entity for a specified future period of time based on planned expenditures during that period and proposals for funding them.

Budgeting: A systematic CALCULATIVE PROCESS common to all United Way member agencies through which budgets are created.

Functional Budgeting: The DISTRIBUTION of all revenue and expenditures to: 1) the management and general functions, 2) the fundraising function (if any), and 3) the separately identifiable programs operated by an agency.

Grant: Allocation of money to SUPPORT a particular program(s) of an agency; or a specific amount as general support of a total operating budget. A grant may require specific conditions that limit or otherwise alter the United Way's liability for funding a deficit or meeting other portions of the Budgetary Policies.

Purchase of Service: Allocation of money to BUY a specific number of defined and discrete units of a service. The total number of units to be purchased could constitute a portion of a program or the entire program.

COMMUNITY SERVICES DIVISION

The United Way has established a Community Services Division (CSD), which is its major instrument for allocating and planning. In brief, its duties are: 1) to make agency allocation recommendations to the United Way Board of Directors; 2) to provide opportunities for conferences with representatives of each member agency for the consideration of programs and budgets; 3) to develop documentation of unmet human needs and malfunction of services delivery systems and to recommend new service structures or new or revised methods of service delivery; 4) to assist member agencies in the evaluation of their roles in the services delivery systems and to provide consultation on agency management concerns; 5) to evaluate each agency applying for membership; 6) to develop any central services which have been judged desirable to meet selected commonly held needs of member and/or non-member agencies, organizations, and institutions in the area; and 7) to consider periodically the mutual responsibilities of the United Way and its member agencies as defined in the United Way By-Laws and Budgetary Policies and Procedures.

The CSD central committee is composed of not more than 25 members, including Board appointed members, panel chairmen, and members at-large. It is headed by a chair and vice-chair. Decisions made by the CSD must be approved by the Board of Directors, except for those, which are or may be specifically delegated to the Division by the Board of Directors. The CSD will operate throughout the entire year, meeting monthly or as often as may be necessary.

Panels

The CSD carries out its allocation function through a number of panels. The panels report directly to the CSD through the panel chair.

The panels will be available throughout the year to discuss with the agencies any of their concerns.

Member agencies are assigned to one of the CSD allocation panels. It is to this panel that each agency relates regarding its own needs; it is through this panel that the Community Services Division develops an understanding of an agency's programs, services, financial structure, and needs upon which appropriate recommendations are made to the Board of Directors. Ordinarily, the allocation panel handles all matters pertaining to an agency's requests. However, under some circumstances, certain matters may be handled by a Special Services Panel.

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Special Services Panel

Within the CSD is a Special Services Panel consisting of the CSD chair, vice-chair, and the appropriate panel chair. The purpose of this panel is to expedite minor agency requests by eliminating the normal route of decision making which goes from the panel to the CSD and then to the Board of Directors.

The Special Services Panel is authorized to approve agency fundraising projects and certain procedural matters as required by United Way By-Laws or Budgetary Policies and Procedures. Decisions of the Special Services Panel shall have concurrence of at least two of the three acting members, one of whom must be the chair of the allocations panel or, in his absence, the vice-chair of the panel. All actions of the Special Services Panel shall be reported to the Community Services Division at its next meeting and to the Board of Directors at least quarterly.

THE MEMBER AGENCY AGREEMENT (AS CONTAINED IN THE UNITED WAY BY-LAWS, ARTICLE IV, SECTION 8)

Each agency accepted as an agency member by the Board of Directors, for the effective fulfillment of the mutual responsibility of the corporation (United Way) and the agency member, shall agree:

- (a) To accept the apportionment of funds made to it by the corporation.
- (b) To maintain a responsible management with a Board of Directors or administrative committee this shall meet at least four times a year.
- (c) To cooperate with other social agencies, both public and private, in preventing duplication of effort and in promoting efficiency and economy of administration, while assuring maximum service to the community.
- (d) To the following fiscal accountability:
 - 1. To submit an annual financial statement, audited in accordance with generally accepted accounting principles and auditing standards by an independent certified public accountant acceptable to the corporation.
 - 2. To submit a budget request at such time and in such form as shall be prescribed by the corporation.
 - 3. To consider all income from whatever source as income for current operation purposes, including all gifts, unless specifically designated by the donor for other than current operation purposes. The Board of Directors may authorize member agencies to convert substantial gifts not designated for special purposes to capital needs for good cause shown.
 - 4. To submit statements of receipts and expenditures, including a report of all direct gifts; interest; and bequests, and service reports at such time and in such form as may be requested by the corporation.
- (e) To solicit no funds either directly or indirectly by public campaign or otherwise from any corporation or person residing in the area or from any contributor to the corporation for operating expenses or for past or current deficits incurred in operation without the approval of the corporation.
- (f) To conduct no capital funds campaign or otherwise solicit funds for capital purposes without first obtaining the approval of the corporation, which approval will only be granted for the period between December 1 and the next following May 31.
- (g) To take no action, which shall substantially alter or expand its work or plant if such alteration or expansion entails a future increase in budget, without prior consideration by, and approval from, the corporation.

ALLOCATIONS MISSION STATEMENT

As a steward of community funds, the United Way of Broome County has the responsibility to manage an allocation system which is accountable to donors; responsive to identified urgent community needs; and inclusive of agencies, programs, or services which are necessary to best meet the needs of the broad community. Such inclusiveness will extend to support of services of organizations not currently receiving United Way financial support.

Responsibilities inherent in accomplishing this mission are the following:

- * Decisions regarding the distribution of community funds will be made in a fair and consistent manner by informed and trained volunteers who represent a broad cross-section of the community and are supported by professional staff.

- * The need for human service programs will be assessed on a continuing basis, in order that solutions can be sought and support given for the provision of services to prevent or alleviate urgent community problems.

- * Allocation decisions will be guided by a clear set of priorities that evolve from planning, needs assessment, and policy decisions regarding trends in community needs. Distribution of funds to each agency will take into account consideration of similar programs of other agencies or organizations, the documented needs of the community, and all other financial resources of the agency.

- * Assistance will be given for the development of new, or the expansion of existing, human service programs. Cooperation will be fostered among local, state and national agencies, and funding sources serving Broome County. United Way funding will be leveraged, in order to maximize resources and services to the community.

- * Organizations which receive any United Way funding for programs and services will be held accountable as to fiscal management and program delivery standards.

- * A range of funding strategies may be used in order to best respond to the needs of the community, as well as to provide the United Way with the ability to balance its support between on-going program needs and emerging ones.

II. BASIC POLICIES AND PROCEDURES

A. POLICIES REGARDING BUDGETING

1. Standards of Accounting and Financial Reporting

The United Way requires that member agencies conform to the accounting principles contained in the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations developed and published by the National Health Council and the National Social Welfare Assembly in 1964 (revised 1974), including the concepts of accrual accounting and functional budgeting. As a result, all United Way member agencies will provide a comprehensive set of formal financial statements for the previous year, prepared in accordance with relevant, generally accepted accounting principles, and on which a licensed independent certified public accountant has expressed an audit opinion. The audit will be in a format acceptable to the United Way. The United Way will also receive a copy of any formal management letter that may accompany the accountant's audit report. The financial statements will be reviewed in conjunction with the agency's funding request for the upcoming year.

It is expected that all audits will be completed within 4 1/2 months of each agency's fiscal year. Since year-end audited financial statements must be reviewed and prepared prior to their use in the citizens review process, member agencies will be required to submit these completed audited financial statements to United Way no later than June 30. Allocations for agencies whose audits have not been submitted by June 29 will be frozen. If frozen, allocation payments will resume upon receipt of the audit statement. Agencies with non-calendar fiscal years will be required to submit a pre-audited report or projection of the actual budget by August 31 and an actual budget report and audited financial statements no later than six months following the end of the fiscal year.

2. Approach to Allocating Process

Each agency receiving funding through the United Way has the responsibility of developing a budget through its own budgeting process. The United Way has a legitimate interest in, and concern for, the budgets of its member agencies. During its allocating process, the United Way will review the total budget of each member agency. It is essential that United Way receive financial information in a timely fashion. As a result, the following allocations related information will be due on forms provided by United Way as noted:

- Long Range Plan or Up Date ----- last business day: **March**
- Beneficiary Data ----- last business day: **March**
- Spring Program Proposals ----- last business day: **April**
- Revised Operating Budgets ----- last business day: **May**
- Report of Actual Operations for Previous Year - last business day: **June**
- Proposed Fall Budget Forms ----- last business day: **August**

The above information is crucial to the allocations process of the United Way. If an agency, without prior written notification to the United Way, does not submit paperwork by the specified date, allocation checks will automatically be withheld until such time as information is submitted. For those agencies which contact the United Way prior to the

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submission deadline with extenuating circumstances, the appropriate panel chair or vice-chair, in the absence of the chair, will judge whether a deadline extension will be granted. United Way panels and the Community Services Division will be informed of any late submissions. An allocations panel need not meet with an agency if any of the above information is overdue.

The CSD, through its panels, will consider individual agency budgets in the light of a practical and common sense approach to the agency's particular circumstances and problems and shall be flexible and rational in specific application of general rules. It will be guided by the needs of each agency, the total needs of all United Way agencies, the needs of the community, and the amount of funds available to meet the needs.

3. Initiating, Enlarging, or Discontinuing Activity

As stated in the member agency agreement, paragraph (g), the member agency agrees "to take no action which shall substantially alter or expand its work or plant if such alteration or expansion entails a future increase in budget, without prior consideration by, and approval from, the corporation."

To carry out the intent of this mutually agreed upon provision, an agency wishing to substantially alter or expand its work or plant in a manner which could affect its total operating budget must present its plan to its panel, in writing and dated, for review and approval before it is irrevocably committed to the alteration or expansion.

It must be understood that the United Way is under no obligation to provide future financial support for any altered or expanded program unless such support has been previously approved by formal action of the United Way Board of Directors and conveyed to the agency in writing.

B. POLICIES REGARDING REVENUE

1. Introduction

It is a fundamental objective of the United Way to develop, as fully as possible, the resources required to meet the human service needs of the community and to reduce the number of appeals for financial support for services. The keystone of United Way's success in raising voluntary funds is the concept of a single annual campaign which elicits an all-out community response involving volunteer workers; contributors; the communications media; local religious, business, and labor leaders; and United Way affiliated agencies' boards and staff. These people significantly influence the climate in which the annual campaign is conducted. The ability of United Way to secure community cooperation and support is conditioned to a large extent by the degree to which it produces benefits for the contributor, affiliated agencies, and recipients of services. One major benefit that the contributor expects, along with assurance that contributions are supporting needed services provided by responsible agencies, is the elimination of multiple, competitive fundraising campaigns. Contributors generally respond favorably to their part of an unwritten pact that calls for increased giving in return for the elimination of separate agency fundraising campaigns. The continued success of United Way is influenced significantly by the degree to which donors feel the United Way and its affiliated agencies keep their end of the bargain. Accordingly, in the long run, the total pool of contributed funds available for human services from the community-at-large will expand faster if affiliated agencies:

- A) Do all in their power to help the United Way campaign, and
- B) Avoid any means of self-support that would lessen the incentive of contributors to generously support United Way's single annual campaign.

United Way recognizes that even with the combined best efforts of United Way in its single annual campaign and of affiliated agencies in utilizing desirable means of self support, the need for financial resources to fund human services may exceed the response of the general community in meeting those needs.

There are, however, many forms of agency self support, which complement the United Way concept. Because it is a fundamental objective of United Way to develop as fully as possible the financial resources required to meet human service needs, United Way supports and urges affiliated agencies to obtain maximum revenue from all sources and in all manners considered to be in harmony with United Way principles. Not all desirable means of self-support are appropriate for every agency.

It takes a high degree of statesmanship and self-discipline for each individual agency to tailor its program to money available from United Way and from desirable means of self-support. Any means of self support which would weaken the fundraising capability of United Way would ultimately defeat the objective important to all agencies of developing as fully as possible the financial resources required to meet human service needs of the community.

2. Program Service Fees

Every agency furnishing individualized services of a professional character must determine accurately and fully the unit costs of each service, including administrative overhead (management and general), and charge fees accordingly. Clients who cannot afford to pay the full amount should be charged lesser amounts according to an established sliding fee scale. Those who cannot afford to pay at all should be served free of charge.

A sliding scale system of fee charging is both a practical and humane source of agency self support. It is practical because there is obviously a limit on the amount of free service that agencies can afford to provide. It is humane because charging everyone on the basis of full cost would prevent some in need from being served. Charging full cost to everyone would also, of course, eliminate the justification of asking for contribution support. Sliding fee scales recognize that social need is not necessarily related to economic need and that the United Way system of voluntary, not-for-profit agencies is accessible to all.

3. Establishing For-Profit Ventures

As agencies consider ways to maximize their operating revenues, they may decide to develop for-profit ventures. Although projects that seem to entail minimum risks may appear attractive, agencies are advised to proceed with caution. The public could legitimately question the appropriateness of using charitable contributions, either directly or indirectly, to plan, organize, and/or initiate a for-profit activity.

An agency considering establishing a for-profit venture must assess the legality of the proposal, as well as the risks it has on the agency's operating budget, accumulated assets, tax status, liability exposure, physical plant, image, reputation, and reservoir of public goodwill. It also must consider the morale of its employees as they are asked to develop such a venture and hence have less time to help the agency carry out its mission: providing health and/or human services.

Marketing, finance, production, and product distribution in for-profit ventures must be based on sound feasibility studies and be accompanied by a business plan which identifies estimated cost, including financial, staff, and impact on present services.

A major portion of the revenues derived from the activity must be used to sustain the agency's annual operating budget and cannot be used simply for the accumulation of wealth.

Since establishing a for-profit venture can result in a non-profit corporation competing with the private sector, such projects inherently can threaten the United Way's annual campaign. Therefore, an agency is encouraged to think more in terms of developing a business that would not compete with existing retail markets. Furthermore, United Way funds will not be used to directly support or sustain a program which is intended to be a for-profit venture.

A business plan for the proposed for-profit venture must be submitted to the United Way at least 45 days in advance of the agency making any irrevocable commitment. The proposal will be evaluated by the Special Services Panel composed of the Chair and Vice Chair of the Community Services Division, and the Chair of the appropriate allocations panel. Approval, if granted, will be provided in writing and will not require further CSD and United Way Board authorization.

4. Membership Dues and Programs

Agencies may receive dues or receive membership fees for use in their operating budget. There are three kinds of memberships:

a. Service Memberships

Many agencies, particularly in the group work field, follow the practice of levying a fixed overall membership charge on all participants or on different groups of participants. The memberships confer a right to certain services, to participation in specified activities, or the use of selected facilities. Such memberships are to be secured primarily on the basis of intended use. United Way recommends that agencies relate membership charges to actual costs, including administrative overhead, of the services to which the member is entitled. As with service fees, individual adjustment must be possible for those who cannot afford to pay the full amount. In some instances, it may be impractical to adjust the fee on an individual basis. Alternative systems of fee charging may be adopted in which different fee schedules are used for various categories of clients, e.g., adults, teenagers, grade school children, etc. In cases of neighborhood based organizations, service membership fees may reflect the general economic level of the neighborhood.

b. General Membership

Every agency can benefit from having some kind of constituency or membership group actively associated with it. In building such a constituency, emphasis must be placed on the idea of promoting voluntarism through active participation in rendering volunteer service to or through the organization by means of committees, the board of directors, program volunteers, and the like. Persons previously actively associated with the agency must also be considered as part of an agency's constituency as must past and present clients and their families.

It is considered appropriate for such a constituency or membership body to express its personal interest in an agency through a general membership.

General memberships must be sought only from selected individuals who have reasons to be interested in activities of the agency, in return for which the agency must establish regular channels of communication, such as periodic mailings, meetings, etc., for the members obtained. General membership dues shall not exceed \$50.00 per annum. Planned campaigns for these memberships shall not be initially organized or substantially enlarged without the approval of the United Way.

All appeals for membership, both service and general, must be so worded (if written) or so solicited as to promote the public's understanding and approval of the agency.

Individuals, not business or corporations are interpreted as legitimate holders of memberships.

Subject to the preceding conditions, an annual general membership program may be approved as part of an agency's regular program.

c. Sustaining/Supporting Memberships

A sustaining or supporting member is defined as an individual who wishes to affiliate with an agency for the primary purpose of financially supporting the aims of the agency without expectation of use of services or necessarily wishing to participate in the activities of the agency. Sustaining members usually wish to affiliate themselves on a continuing basis with a particular agency because of a strong personal conviction as to the importance of the organization's programs and services. There is a natural constituency, such as present or former board or committee members and previously registered agency members or their families after participation ceases. Sustaining membership programs are regulated by the following policies:

- 1) **Agencies may conduct one annual sustaining/supporting membership program.**
- 2) **A periodic billing program may be set up between December 1 and August 31. A year round billing arrangement may be established only if it is specifically requested by the donor.**
- 3) Sustaining membership programs may not be held between September 20 and the Wednesday preceeding Thanksgiving.
- 4) There shall be no general publicity or promotion by agencies in support of, or in relation to a sustaining membership program through the use of newspapers, radio, or TV.
- 5) Corporations and employee groups will not be covered or contacted by a sustaining membership program.
- 6) There shall be no block sale of sustaining memberships.
- 7) Sustaining membership program materials of all types, including correspondence, must identify the sponsoring agency as a Broome United Way member agency in a positive manner, describe the purpose of the membership, and state the proposed use of funds received.

All program materials are to contain the following statement: The (name of agency) receives annual support from the United Way of Broome County, Inc. This enrollment program has been approved by the United W

- 8) Prospects for sustaining membership programs shall be limited to individuals included in these general categories:

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- a. Recipients or direct beneficiaries of the agency's services or programs, including members of the immediate family, where one individual is active with or served by the agency.
- b. Prior sustaining members.
- c. Individuals presently holding, or who did hold in prior years, service memberships wherein a value is or was offered.
- d. Individuals who are presently or were formerly active in the agency's programs as volunteers.

No mass solicitation approach shall be made for "geographic coverage" or to the general public by such means as mass mailings or door-to-door solicitations.

- 9) An application form to be provided by the United Way, accompanied by plans; time schedules; and drafts of correspondence, printed materials, and promotion items for a sustaining membership program must be filed annually with the United Way.

It is desirable that the application and required materials be submitted at least 45 days prior to the planned program and will be reviewed by Special Services Panel. From the agency's point of view, it is desirable that it receives United Way approval prior to the further development of its program, and it is essential that such approval be granted prior to the execution of the program.

- 10) A report of the final results of each sustaining membership program must be completed on a standard result form and sent to the United Way within 30 days following completion of the program. The United Way reserves the right to withhold an agency's allocation in the event that it fails to comply with this reporting requirement.
- 11) All contributions received in a sustaining membership program and all expenses incurred in its conduct constitute ordinary support/revenue and expenditures and are to be included in the agency's annual audit and its financial statements submitted to the United Way according to accounting standards.
- 12) Sustaining membership programs are normally to be conducted within a 30 day period. Any exceptions will be subject to approval for good cause. An additional 30 days is allowed for wrap up, and follow up on commitments to the program.

5. Other Fee Charging

In addition to service fees and service memberships, there are several other forms of agency self support related to fee charging available to some agencies. Among them are (a) sale of supplies and equipment for use by program participants; (b) charges in restaurants and cafeterias; (c) room rentals; (d) fees for use of facilities; (e) fees for participation in a particular program; (f) camp fees; and (g) fees for services provided to other affiliated or non-affiliated agencies. A general principle underlying all of these forms of self support is that fees and rates charged must reflect accurate and full costs, including administrative overhead, related to the given activity. Individual adjustment of charges, according to the circumstances of each person serviced, must be made if necessary.

6. Sales to Public by Agency, Member Club or Units

Certain agencies are in a position to derive substantial income from the sale of items produced as a part of their service programs. Such income must be guided by the ethical and public relations considerations of not being exploitative of clients. Prices for goods or services must be set at a level comparable to those of other suppliers.

Sales of such products or services may occur year round. However, they must be approved, scheduled, and supervised by the parent agencies according to a formal policy developed for this purpose with particular emphasis on the effect of such activities on the annual United Way campaign.

7. Endowment Funds and Planned Giving

In general, the concept of Endowment Funds, Trust Funds and Planned Giving is strengthened when the United Way and member agencies promote it both separately, and together. When educating the community about Planned Giving, Trust and Endowment Funds, the United Way promotes all member agencies and any resulting gifts benefit them. Likewise, member agencies should promote the United Way as a potential recipient of such gifts when educating the community. Individuals involved in this type of philanthropy wish to leave a lasting legacy for their community. They will be more receptive to the concept with increased understanding of it is an important means of support for the United Way, its member agencies and other charitable concerns throughout the community.

Some agencies have endowment funds, sometimes termed trust funds or capital funds. These result from receiving occasional unsolicited contributions or may result from an effort to cultivate the interest of individuals to provide for the agency in their wills. These individuals may also choose to make an unsolicited gift during their lifetime. Direct solicitation for current contributions is expressly prohibited by the member agency agreement without prior approval of the United Way. It is desirable that the gift be made in such a way that the principal, the interest, or both may be employed flexibly in the light of changing conditions and circumstances.

Agencies wishing to promote awareness and understanding of the concept of planned giving may do so through educational efforts and materials. Such educational approaches, however, should not solicit specific dollar amounts and should not attempt to initiate donor action. **It is suggested that educational materials and programs include identification of the agency as a United Way member and inclusion of United Way of Broome County as a potential recipient of a planned gift. Formal education programs may not occur from September 20 through the Wednesday before Thanksgiving. Written request for exception to this time period will be reviewed and considered only if a member agency's national affiliate requires the agency to participate during the United Way "black out" period.**

8. Other Gifts

United Way encourages affiliated agencies to promote voluntarism by cultivating the active interest and participation of as many citizens as possible in the work of the agency. Occasionally, such persons take the initiative to contribute financially to the agency without being asked specifically to do so. This kind of cultivation is not the same as a direct solicitation and is acceptable. Direct solicitation of gifts is expressly prohibited by the member agency agreement without prior approval of the United Way.

Unsolicited contributions may occur in the form of a gift in memory of a deceased person who was interested in the agency.

Agencies sometimes receive unsolicited gifts designated for the support of a particular program or the purchase of equipment. The receipt and expenditure of such gifts must be specifically noted, either on the budget form or as an addendum. Such gifts, however, will not affect an agency's allocation, provided the United Way has not specifically designated all or a portion of its allocation for the same purpose.

Agencies must be alert to the fact that the application of non-designated gifts to the operating budget may enlarge the budget, and that the United Way has no obligation to increase its support in the future to replace such funds when they are exhausted.

Agencies are not obligated to apply substantial non-designated gifts to their operating budgets. As stated in the member agency agreement, "The (United Way) Board of Directors may authorize member agencies to convert substantial gifts, not designated for special purposes, to capital needs, for good cause shown."

9. Investment Income

Every agency having endowment funds is encouraged to invest them for a maximum yield consistent with its trusteeship responsibility. Unless restricted by the donor, such income is to be considered as income for current operation purposes, as stated in the member agency agreement. This policy is consistent with FASB regulations.

a. Total Return Payout Philosophy

With declining interest rates and increased volatility in market conditions in recent years, asset managers have commonly turned to a "Total Return" investment philosophy. Total Return allows an organization to set a fund pay out philosophy based on an established long-term rate of return (see example below). Therefore, in some years the pay out could be higher than income generated by current interest and dividends, which would result in distributions from previously accumulated market gains. At other times, the income may be higher than the pay out levels, and thus a "surplus" would be retained and recapitalized

Total Return is advantageous because it can provide greater stability and predictability in investment generated income. It also allows greater flexibility in the selection of investments, thereby removing what might otherwise be cumbersome restrictions on investment managers. The approach, however, does have disadvantages. For example, the Total Return concept requires discipline. Refusing to recapitalize excess earnings during a difficult financial period for an organization would erode the principal base and reduce earnings for future years.

EXAMPLE

The United Way's "Total Return" philosophy may serve as a helpful example. The payout policy is established at 5% of the value of its Trust Fund, to reflect historical and expected long-term rates of return from both current income and gains in market value. Furthermore, to minimize the likelihood that variable market conditions may cause fluctuations in pay out amounts, a moderating device is utilized. In this regard, the 5% pay is calculated based on the average market value of the Fund for the preceding five years. This moderating device provides a commonly accepted approach and is quite important to the Total Return concept.

b. Start-Up Funds

10. Support from Out-of-County Areas

Member agencies that provide services to persons outside of the fundraising area of the United Way must make every effort to obtain adequate financing from sources outside of the fundraising area for that portion of the agency program.

11. Funding from Foundations, Trusts and Civic Organizations

Charitable foundations, trusts and civic organizations of various types abound throughout the country. Some function on a national level, some on a regional or local level, but all exist to finance works of benefit to the citizenry.

Where it is clearly known that the interests of particular foundations or trusts, or civic organizations harmonize closely with the regular programs of the agency, support may be sought from such sources. In addition, agencies may develop proposals for special projects corresponding to specific interests of given foundations, trusts or civic organizations. When this is done, it is desirable that the project be appropriate to the basic purposes for which the agency exists and not hamper the agency's regular program. Administrative overhead must be included in any proposals for foundation or trust funding. It must be understood that the United Way cannot give assurance in advance to provide funding for the continuation of a project beyond the termination of foundation or trust funding. It must be understood that the member agency agreement requires that an agency "...take no action, which shall substantially alter or expand its work or plant if such alteration entails a future increase in budget, without prior consideration by, and approval from, the corporation (United Way)."

12. Auxiliary Fundraising Projects

As stated in the Member Agency Agreement, paragraph (e), an agency agrees "to solicit no funds either directly or indirectly by public campaign or otherwise from any corporation or person residing in the area or from any contributor to the corporation for operating expenses or for past or current deficits incurred in operations without the approval of the corporation." Many times, auxiliary fundraising projects can have a positive effect in enhancing the visibility and image of an agency with its constituency and the general public, as well as producing income for the agency. On the other hand, such events can inherently threaten contributions to the United Way annual campaign, thereby jeopardizing the services of all member agencies. For this reason, agencies are asked to carefully and thoughtfully plan their auxiliary fundraising projects to assure that they promote the positive image of their organization and voluntarism in general, and to minimize the possibility that they exceed the delicate balance of maintaining the good will of the contributing public.

Sometimes local businesses, community groups or organizations conduct fundraising events and donate the proceeds to local charitable causes and organizations. Agencies are required to submit a fundraising request to the United Way whenever the agency name is used to publicize and promote an income-producing event. Under unusual circumstances, where an agency is first contacted by an organization 30 days or less prior to the onset of the event, the agency should approach the United Way for guidance. Every effort will be made to contact the Special Services Panel for fair consideration. Special request may be made during the "blackout" for events that will not have an impact on the United Way Campaign.

In order to assure the most generous community-wide response possible to the annual United Way campaign, it is essential that member agencies' auxiliary fundraising projects with a per participant price greater than \$10.00 or projected gross income greater than \$5,000, involving the general public, not occur during the time period of September 20 through the Wednesday before Thanksgiving.

Exceptions for projects involving only an agency's constituency may be considered under unusual circumstances.

Any agency request for permission to hold a fund-raiser with a per ticket price greater than \$10.00, or gross income greater than \$5,000, involving the general public during the restricted dates, will be rejected automatically.

The Community Services Division will review violations and may request the United Way Board of Directors to initiate steps that could lead to withholding from the agency's allocation an amount equal to or part of the money raised as the result of an unauthorized solicitation. It is the committee's intent that the existing exception to the rule be maintained, whereby, if only an agency's constituency is involved, a fund-raiser may be permitted during the restricted time frame.

Agencies may solicit financial support from businesses or corporations to underwrite an auxiliary fundraising event only if the business or corporation has employee(s) who are on the agency's board of directors, or the planning committee of the fundraising event.

Agencies may submit information for their annually recurring, unchanged fundraising events on United Way budget form Exhibit E, which is included with the financial packet for the fall budget meetings. When submitted at that time, no further information need be submitted. New events, substantially changed or altered events, and any event not submitted on Exhibit E, require United Way review and approval as outlined in the policies for Auxiliary Fundraising Projects. The agency proposing an event must submit a completed fundraising form within the time frame specified by the Policies.

The United Way requires agencies to submit a completed Fundraising Result Form within 30 days of completion of the scheduled event.

Auxiliary fundraising projects and events generally fall into one of two categories: those involving exchange of money for something of value, and those involving direct solicitation without a "fair exchange for value." The approval process is different for each of the two categories, and the agency will know that its project has United Way approval when it receives specific written authorization to conduct the event.

a. Projects and Events Involving the Exchange of Money for Something of Value

Examples of such projects are cookie or candy sales, sports events, a performance by a famous artist, a play or concert, a style show, dinners, dances, card parties or other social events, etc.

Individuals only, not corporations, foundations, or employee groups may be contacted to purchase tickets. **Agencies may disclose the price of ticket blocks by tables or teams, etc. in its promotional materials. However, agencies may not directly solicit businesses to purchase ticket blocks.** Tickets or merchandise may not be mailed unless contracted for. A standard form must be used by agencies when requesting approval for all auxiliary fundraising projects.

1. Projects with participation costs up to \$10.00 per person and gross income of \$5,000 or less.

United Way Budgetary Policies and Procedures

Projects or events priced up to \$10.00 per participant, and with projected gross income of \$5,000 or less, may be conducted year round and do not require approval. Agencies, however, must inform the United Way of the project, in writing, at least 30 days in advance of its start.

2. Projects with participation costs greater than \$10.00 up to \$250 per person, or gross income greater than \$5,000.

Proposals for projects and events priced above \$10.00 up to \$250 per participant, or with projected gross income greater than \$5,000, must be submitted to the United Way, marked to the attention of the chair of the allocations panel in advance (60 days for new or altered projects and 30 days for recurring, unchanged projects) of the agency making any irrevocable commitment.

The written proposal will include all pertinent information and materials relative to the project or event, which provide for its thorough understanding by the United Way. Such information will include, but not be limited to, correspondence used in promoting the event in the community, details of the process for promoting the event in the community, sample advertising copy, etc, and correspondence to be used in the sale of tickets. The United Way allocation panel chairman or vice chairman, in the absence of the chairman, will have the authority to approve such events, if the events have been approved in the past and have not changed. If, however, the request is for a new project or an altered one, the proposal will be evaluated by the Special Services Panel, composed of the Chair and Vice-Chair of the Community Services Division and the Chair of the appropriate allocations panel. The Panel Chair, Vice-Chair or the Special Services Panel may refer the project for additional review and consideration by the Panel, CSD or United Way Board of Directors for action.

Provided that the proposal meets the basic criteria of this section, approval generally can be expected. Approval, if granted, will be provided in writing.

3. Projects with a per participant cost greater than \$250

Proposals for projects and events priced greater than \$250 per individual will require full panel, CSD, and Board review and approval. An agency will be expected to justify the price charged in relation to its actual direct costs for the event. In this regard, an agency will be asked to itemize all total gross direct expenses, excluding staff salaries and administrative overhead that would exist regardless of whether the event took place. There will be no ceiling established on the amount an agency can charge per ticket for such an event; however, the United Way will not authorize an auxiliary fund raising project if the price includes more than 100% profit of the agency's direct expenses, excluding salary and administrative overhead that would exist regardless of whether the event took place.

b. Projects Involving Direct Solicitation Without the Exchange of Money for Something of Value.

Examples of such events are bowl-a-thons, bike-a-thons, walk-a-thons, etc. in which the participants seek contributions from members of their family or from the general

public for their specific accomplishments in the event. Such projects or benefits are considered inappropriate when the contribution is excessive in relation to the cost of the event.

The Special Services Panel, consisting of the CSD chair, vice-chair and the chair of the applicant agency's panel will review all projects falling in this category. Special Services Panel may refer the project for additional review and consideration by the Panel, CSD or United Way Board of Directors.

Proposals must be submitted in advance (at least 60 days) of the agency making any irrevocable commitment. The proposal must include all details regarding the event, including such things as the target group for the event, anticipated expense revenue, and details on the nature of the event. While such events are intended as fund-raisers, the agency must be certain that an event is planned and implemented in such a way as to provide positive public awareness of the agency, and will not be seen by the intended donor as being offensive or distasteful.

c. Sale of Advertising

The sale of advertising must be undertaken only when the agency can assure the advertiser that the publication in which the advertisement will appear will have a sufficiently broad circulation to warrant the cost. Fixed rates for advertisement must be established. These charges will be reasonable and related to the cost of a publication.

When submitting its written proposal to the United Way, the rate schedule is to be submitted along with other pertinent material, including estimated revenue and expense, description of the target group, the type of publication, and circulation of the publication. See section d for approval process.

d. Use of Agency Name in Commercial Promotion

Voluntary non-profit organizations are sometimes approached by the promoters of commercial products who will represent that a portion of the purchase price of a product or service will go to the organization in exchange for which the agency's name will be used to promote the sale of the product or service. Agencies must be cautious about, and generally must avoid, permitting their organization's name to be used in such promotions of commercial products.

Proposals for projects and events under sections c and d must be submitted in writing to the United Way, marked to the attention of the chairman of the allocations panel, at least 30 days in advance of the agency making any irrevocable commitment. The written proposal must include all pertinent information and materials relative to the project or event, which will provide for a thorough understanding. The Special Services Panel (composed of the Chairman and Vice-Chairman of the Community Services Division and the Chairman of the appropriate allocations panel) will evaluate the proposal. Provided that the proposal meets the basic criteria of this section, approval generally can be expected. Approval, if granted, will be provided in writing and will not require further CSD and United Way Board authorization.

13. Government Fees and Grants

United Way Budgetary Policies and Procedures

United Way accepts the necessity for a close, creative voluntary and governmental partnership to achieve maximum financial resources required to meet the human service needs of the community. Therefore, each affiliated agency is encouraged to seek and accept governmental funds appropriate to the basic purposes for which the agency exists. Actual costs of service, including administrative overhead, must be incorporated in proposals for governmental grants or contractual agreements for reimbursement for services rendered.

The United Way may make allocations to programs utilizing governmental funds with the understanding that should government funds be curtailed or withdrawn, the United Way is not obligated for the continuation of the programs.

In considering whether to participate on any joint basis with a governmental entity in the funding of human service programs, it is appropriate to consider the following criteria:

1. All United Way funded programs will be assessed as to their relative value for the people of Broome County.
2. In Broome County, what has been the funding history of this program?
 - a. Has the program been funded traditionally by the public sector?
 - b. Has this program been provided traditionally by a public agency?
 - c. If this is a mandated program, to what extent has the program been funded by government?
3. What is the anticipated funding base for this program over the next three to five years?
4. If the program is eligible for a matching fund arrangement, what percentage of the program's budget is sought from United Way? Will this increase/decrease over time? Could United Way funding replace lost government support?
5. Does the applicant believe that United Way funding is important for this program? Is the agency willing to divert any of its current financial resources towards this program, or is the agency requesting new United Way dollars for this program?

The above criteria should not be considered exhaustive, nor should any one criterion be deemed controlling.

C. POLICIES REGARDING EXPENDITURES

1. Salary Determination

Since the costs associated with agency personnel constitute a major portion of most agencies' expenditures, the numbers and types of personnel and salaries and wages are matters of joint agency-United Way concern. Primary responsibility for determining individual salaries and wages rests with the board of directors of the agency. The agency shall file with the CSD salary information for all positions. The CSD reserves the right to review plans for expansion or readjustment of staff positions. As specified in paragraph (g) of the member agency agreement, substantial alteration or expansion of an agency's work which entails a future increase in budget must have prior United Way consideration and approval.

2. Competitive Bidding

As a general policy for sound fiscal management, the United Way urges agencies to use competitive bidding, based on pre-determined specifications, for the purchasing of supplies, equipment, and services.

3. Interest on Indebtedness

Interest on indebtedness incurred prior to the entrance of the agency into United Way membership will be recognized as a budgetary item if it was included in the financial statement at the time of admission. Interest on indebtedness incurred subsequent to membership, without specific approval of the United Way, will not be recognized as a budgetary item appropriate for United Way support.

4. Expenditures from Capital Funds

Non-designated capital funds are under the complete authority of the agency. However, agencies must recognize that the expenditure of these funds may result in the loss of interest income, which will affect the operating budget of the agency. The United Way is under no obligation to provide increased financial support to make up for the loss of this income unless formal approval has been granted prior to the fact.

D. Emergency and Capital Needs Fund (ECNF)

1. Purpose

The United Way recognizes that it is the responsibility of each member agency to exercise good management practices in order to preclude the deterioration of their facilities and vehicles. The United Way urges all member agencies to develop preventive maintenance measures and establish inventories of their equipment and fixed assets for the purpose of developing periodic maintenance and replacement programs. Although the responsibility for maintaining facilities and vehicles clearly rests with each individual agency, the United Way can assist agencies in addressing unexpected emergencies, building maintenance and vehicular needs. To achieve this objective, United Way has established a specific fund, which can help meet emergency, facility maintenance and vehicular needs of member agencies. The United Way will not, however, fund projects of member agencies that clearly were caused by neglect. All requests shall be judged on their true necessity and the agency's ability to fund these expenditures from their own resources.

2. Background

In 1998, the United Way was the residual beneficiary of an estate, which generated a \$2.9 million bequest. It was restricted in that only the income from the bequest can be used and, therefore, the proceeds were deposited into our Endowment Fund. The Trust Fund Committee established a separate account (Fund C) for the proceeds of this estate which are to be used to meet the capital needs of the United Way and its member agencies.

In April 2005, the Board approved the distribution policy for the fund. That policy allows for the distribution from Fund C the amount by which the five year average of the fair market value of the fund exceeds 120% of the original bequest. The first year used for the five year average was 2004, and a year is added each succeeding year until a five year average is achieved. Subsequently, the five year base will be "rolling" and will consist of the most recent preceding five years.

Soon after the establishment of Fund C, the market experienced a significant downturn delaying the payment of proceeds from the fund until it recovered enough to meet the distribution threshold. After the delay, in 2006, a special ad hoc committee was set up to develop a policy for allocation of the funds. It is anticipated that 50% of the available proceeds from the fund shall be made available annually for planned capital need requests, 40% of the available funds shall be held in reserve for unanticipated, emergency requests and 10% shall be held annually to rollover into the emergency portion of the funds, up to a maximum threshold of \$100,000. If the emergency portion of the fund reaches this threshold, the suggested allocation of funds shall be 60% for planned capital needs and 40% for unanticipated, emergency needs. The Allocations Steering Committee will review the distribution percentages periodically and may choose to modify them based upon its findings.

3. Priorities

United Way Budgetary Policies and Procedures

The United Way has established categories to guide deliberations of ECNF requests. These categories are (in order of priority):

- a) Matters affecting life, safety, and code compliance.
- b) Capital needs that place program operations in jeopardy.
- c) Preventive maintenance.
- d) Energy efficiency.
- e) Facility and program upgrading.
- f) Vehicle replacement

4. Capital Campaigns

Member agencies shall be eligible to submit ECNF requests for approved Capital Campaigns. The aforementioned priorities will guide consideration of Capital Campaign requests. Capital Campaign requests shall be considered only after the applicant agency has received responses from all its major donor prospects, which include government, foundation and private sources.

5. Anticipated Expenses

Agencies must include specific anticipated expenses for necessary property maintenance and equipment repair/replacement in their proposed budgets as follows:

- a) Individual items equal to or less than 1% of an agency's total annual operating budget will be considered as operating expenses.
- b) Individual items greater than 1% of an agency's total annual operating budget, if Deemed appropriate by its allocation panel, may be considered for an ECNF grant.

6. Purchase of Transportation Equipment

Once approval is given for the purchase of vehicles, agencies are encouraged to select the most economical, practical vehicle. The United Way will not consider requests for replacement vehicles until after five years of usage or 75,000 miles, unless proof is presented to show that continuous cost of upkeep is impractical. Transportation equipment not used on a year-round basis must have its liability and collision insurance effective on the beginning date of the usage period and terminated on the date of discontinued usage. Year-round comprehensive insurance is recommended.

7. Unanticipated Expenses

If an unbudgeted and unforeseeable emergency need of more than 1% of an agency's operating budget occurs during the year and the agency cannot fully absorb the added expense within its regular budget, it may be considered for an ECNF grant.

8. Process for Application

United Way Budgetary Policies and Procedures

- a. Agencies interested in an ECNF grant must notify their appropriate panel chair for project certification. In consultation with their panel, the chair and vice chair will initially screen and certify all requests and proposals. If a proposal fails to receive certification by its Panel, the proposal is denied and the requesting agency will be notified. Panel certified requests, when appropriate, shall then be submitted to the Allocations Steering Committee.

If any request is granted, the agency shall forward to the United Way any bill or bills for the completed work or merchandise received, before the amount approved is released.

The method for evaluating reserve fund requests shall be as follows:

NON-EMERGENCY/ANTICIPATED REQUESTS

- b. Agencies shall be required to submit a formal application to the United Way, once annually, by April 1, in order to be considered for an ECNF grant. Exceptions will be made only in the case of an emergency. The Allocations Steering Committee (ASC) shall review any and all submitted applications once annually, rather than on a case-by-case basis throughout the year, in order to encourage agencies to plan ahead and enable the United Way to prioritize agency needs. The ASC shall review the certified requests from the panels, prioritize the projects and recommend to the CSD and the Board of Directors, which of the proposals shall receive grants and at what level.

EMERGENCY REQUESTS

- c. An emergency is defined as a situation, which, if not corrected immediately, poses a threat to life, safety and code compliance. Documented emergency requests shall be considered by the appropriate United Way allocation panel and shall be submitted directly to the CSD for action.

9. Securing of Bids

Before entering into a contract for a repair job or the purchase of equipment, the agency must obtain competitive bids based on the same specifications. If bids are secured, the agency shall direct a letter to the United Way, enclosing copies of the bids.

Except in unusual circumstances, the lowest bid will represent the amount to be considered by the United Way. However, the agency shall have the authority, thereafter, to determine which bid it will accept. If a higher bid is accepted, the extra cost must be absorbed by the agency.

E. OTHER POLICIES AND PROCEDURES

1. Budget Forms and Instructions

The CSD will supply the agencies with standard budget forms for reporting previous financial experience, proposed budgets, and periodic financial performance. The budget forms will be accompanied by instructions concerning their use. The United Way budget forms must be used when presenting budget information to the United Way panels, although this does not preclude the agency from presenting supplemental documentation.

2. Agency Approval of Budget Required

Agency budget submissions shall be carefully studied by the board of directors of the agency and formally approved prior to presentation to the CSD panel.

3. Conferences

Each agency's proposed annual budget shall be studied in detail by a panel of the Community Services Division. Panel conferences with the agency's officers and the executive director shall be held as frequently as necessary for the review of agency programs, budgets, and needs.

4. Allocation Decisions and Appeal

CSD decisions as approved by the United Way Board of Directors will be reported in writing to the agency as early as possible. If the agency chooses to appeal the decision, a letter stating the reasons for the appeal must be directed to the President of the United Way Board of Directors. This letter must be signed by an officer of the agency and received by United Way no later than two months following the agency's receipt of the written announcement of the final allocation.

An allocation appeal must be based on factual errors made by the United Way in reaching its decision. The United Way will not consider an appeal from a member agency, which simply reflects dissatisfaction with the amount allocated to it.

5. Revised Budgets

After completion of the United Way campaign, agencies shall be notified of their final allocation for the following year as recommended by the CSD and approved by the Board of Directors. Each agency shall then prepare a revised budget for submission to the CSD. The total expenditure of this revised budget must be in balance with the sum total of the United Way allocation and the agency's responsible estimate of income from other sources. This revised budget must have a thoroughly responsible review by the board of directors of the agency. This shall then constitute the agency's operating budget for its new fiscal year.

6. Adjustments Within the Budget

After the revised budget (see D., 5) has been approved by the agency board and filed with the United Way, adjustments necessitated by unforeseen conditions will be considered. Agencies must make such requests in writing, including an amended budget for the programs involved and a narrative explaining the rationale for the proposed change.

The Panel Chair will review requests from agencies assigned to the Panel he/she chairs. A Panel Chair may not recommend denying a request. A Panel chair may recommend to CSD to approve a request if:

- The proposed change moves United Way funds among programs of equal priority ranking, or results in an increase of united Way funds to programs with higher priority ranking than was originally approved.

and

- In the best judgment of the Panel Chair, the request is consistent with the Panel's review of all relevant criteria concerning the agency.

If a request does not satisfy both of these conditions, (i.e. a proposed change resulting in increased revenue for a lower priority program) the appropriate Panel will review it. The Panel will recommend to CSD whether to approve or deny the request.

CSD will act on Panel Chair and Panel recommendations to approve or deny such requests and will inform the Board of its actions.

Adjustments which involve a substantial departure from the scope and program of the agency and adjustments which involve commitments for subsequent years or which establish facilities or services necessitating additional expenses in subsequent years must have prior consideration by, and approval from, the United Way as specified in paragraph (g) of the member agency agreement.

7. Periodic Statements

Allocation payments depend upon the receipt of required financial reports. Each agency shall submit statements at such times as determined by the CSD on forms acceptable to the United Way, showing its financial experience to date in relation to the approved budget.

8. Payments of Allocations

Payments of allocations will ordinarily be made in twelve equal monthly installments.

The schedule of payments may be adjusted according to estimates of need as supplied by the agency, in accordance with the following procedure:

At the time the revised budget is submitted, it must be accompanied by a twelve-month budget projection showing, month-by-month, anticipated expenditures and income. This budget projection shall be set forth on United Way forms or agency internal budget forms provided they are reasonably comparable in detail. In addition, the agency must submit a monthly financial statement on a form consistent with their twelve-month projection form showing the annual budget by line item, estimates to date, and actual experience to date.

Unforeseen circumstances may require an agency to ask for an adjustment to its allocation payment schedule during the year. Such requests must be made in writing and be accompanied by a budget projection for the balance of the year showing, month-by-month, anticipated expenditures and income. This budget projection shall be set forth on United Way forms or agency internal budget forms, provided they are reasonably comparable in detail. In addition, the agency must submit a monthly financial statement on a form consistent with its twelve-month projection form showing the annual budget by line item, estimates to date, and actual experience to date.

When an allocation adjustment is made and the agency receives an allocation payment early, the amount of interest lost to the United Way will be charged to the agency. An interest charge will be calculated by using the current market rate of interest on U.S. Treasury securities with maturities near the term of the advance and adding 2%. Agencies must accept United Way's authority to withhold interest due either directly out of subsequent monthly payments or accrued each month for deduction from the next available cash payment. Agencies may choose to pay the interest charge immediately by having it deducted from the advance payment.

Monthly financial information must be submitted by agencies with outstanding advance allocations by the last day of each month. If such information is not received, the agency's next scheduled allocation payment will be withheld until the information is submitted.

United Way staff can approve the advance payment of one succeeding month's allocation for an agency during the calendar year. Additional requests must be received, in writing and dated, for consideration by the appropriate allocations panel.

9. Balanced Budget

Each agency will be expected to operate in its fiscal period within a balanced budget. The finally approved budget must be in constant use by the agency as a means of maintaining budget control.

10. Deficits

The United Way will not assume responsibility for operating budget deficits. Each agency has the responsibility of preparing an accurate operating budget at the beginning of each year. The total expenditures of this budget must be within the total of the United Way allocation and the agency's responsible estimate of income from other sources. It is the agency's responsibility to maintain budget control and to watch for and eliminate deficits as soon as identified. Deficits, when identified, must be reported in writing to the United Way's allocation panel, together with an explanation of the steps being undertaken to eliminate them. Either the agency or the panel may initiate a request for a conference to discuss the deficit and the means for its elimination.

Any request for payment of a year-end deficit due to extraordinary circumstances must be submitted in writing within thirty (30) days of receipt by the agency of its annual audit. The request must include an explanation of the steps that were taken to attempt to eliminate the deficit. The panel may require verification of the budget control exercised by the agency such as copies of monthly financial statements.

11. Surpluses

An agency may retain year-end operating surpluses. However, the size of a surplus and how it was achieved shall influence a panel's recommendation relating to the agency's level of funding for the following year.

12. Central Services Offered

Agencies are encouraged to use services that may be available through the United Way such as unemployment cost control, management, planning, and budgeting.

13. Long Range Plan Requirement

Agencies will submit to the United Way, a Long-range (3-year) strategic plan by the last business day in March 1997 that has been approved by the agency Board of Directors. The plan will identify measurable program/financial goals, objectives and strategies for the agency to follow as it carries out its mission. Long-range plans will be reviewed by the assigned allocation panel and used as an additional tool for better assessing the agency's management, financial, and service effectiveness.

Revisions to the long-range plan must be submitted on a yearly basis by the last business day in March. New generations of agency Board-approved strategic plans must be submitted every three years by the last business day in March.

III. POLICY STATEMENT REGARDING CAPITAL CAMPAIGNS

A. GENERAL STATEMENT

The agency members' operating agreement with United Way prevents agency accumulation of capital from operating funds. Property deterioration and obsolescence, evolution of programs, and increasing demands for service may necessitate changes in plant or facilities. Therefore, the United Way will recognize the validity of plans that are carefully made for the acquisition of capital funds for the fullest development of agency services, consistent with practical considerations.

The success of approved capital campaigns will be a concern of the United Way. Approval of a campaign carries with it the assurance of cooperation by the United Way.

B. REQUIREMENT FOR CENTRAL CLEARANCE

In order for the community as a whole to maintain an orderly program of needed capital acquisition, the member agencies of the Broome County United Way have agreed "to conduct no capital funds campaign or otherwise solicit funds for capital purposes without first obtaining the approval of the corporation, which approval will only be granted for the period between December 1 and the following May 31." And further, "to take no action which shall substantially alter or expand its work or plant if such alteration or expansion entails a future increase in budget, without prior consideration by, and approval from, the corporation."

Inherent in the responsibility thus placed with the United Way there lies the need for careful central study of capital campaign plans of all agency members, reasonable spacing of capital campaigns, determination of priority, and some general policies applicable to all capital campaigns.

Each request for a capital campaign will be reviewed by a special ad hoc committee appointed by the President of the United Way Board of Directors.

Recommendations of this committee will be reported directly to the Board of Directors for final action.

C. PHILOSOPHY - CAPITAL CAMPAIGNS AND BROOME UNITED CAMPAIGN

Since the annual Broome United Way Campaign provides the deficit support which is the very life blood of the whole broad range of voluntarily supported community services, care must be exercised that capital campaigns, regardless of their high degree of merit and seeming urgency, do not threaten the success of the annual Broome United Campaign fundraising drive. Therefore, the United Way must exercise a degree of control over timing of capital campaigns, spacing of capital campaigns, and the extent and method of solicitation, which is undertaken.

D. CAPITAL CAMPAIGN POLICIES

The United Way will study requests for clearance of capital campaigns in the light of economic conditions, amount involved, a determination of the relative needs of applying agencies, as well as actual need. Consideration, of necessity, will be given to known plans of non-United Way agencies for capital campaigns.

1. Agency Responsibility

- a. To be considered, an agency request must be in the hands of the United Way at least one full year in advance of the period for which clearance is sought. The United Way will consider all capital campaign requests before it concurrently. Agencies making requests for clearance can expedite consideration by keeping the United Way advised of their plans.
- b. Agency requests shall be accompanied by detailed information, as factual as possible, on amount required; construction or renovation planned, and intended use of space or facilities to be provided for from the capital funds sought. The agency must also include a careful analysis of the impact the new facilities will have on future program and operating budgets of the agency, as well as possible duplication and competition with other United Way agencies.
- c. Agencies requesting clearance shall submit their plan of campaigning and proposed dates to the United Way for approval. In general, it will be the policy of the United Way to encourage employment of qualified professional fundraising counsel to advise the agency on steps to be taken to prepare the public for the campaign and to direct the fundraising effort. (A fixed fee for counsel rather than a percentage agreement is regarded as better practice.) If the contacting of potential donors is a part of the feasibility study, such interviews must not be conducted during the United Way campaign. Pre-campaign costs will not be drawn from the agency's operating budget.
- d. Agencies receiving clearance shall furnish monthly reports to the United Way on results and activity in the capital campaign.
- e. A capital campaign must be restricted to individuals and businesses having reason to be interested in the particular agency. In general, house-to-house solicitation and solicitation of employee groups at their places of employment will not be approved.
- f. It must be made clear to donors that gifts to a capital campaign shall not adversely affect what otherwise would be given to the Broome United campaign. Printed announcements and appeal letters to the donors must have prior approval of the United Way.
- g. The amount to be expended for capital purposes must be limited to funds available, with no debt to be incurred beyond the limits of campaign pledges without prior approval of the United Way.

2. United Way Responsibility

- a. The United Way will strive to give its clearance in ample time for proper preparation, and in not case later than May 31, preceding December 1 - May 31 period for which clearance will be granted. No clearance will be granted an agency more than two years in advance. Under no conditions will a capital campaign be permitted to extend beyond May 31 of the year of clearance. This is a stipulation contained in the By-Laws of the United Way.
- b. In general, it will be the policy of the United Way to space out major capital campaigns two or three years apart, so that collections on one may be completed before another is undertaken. By doing this, it is hoped that any possible adverse effects on any succeeding capital campaign or on the annual Broome United campaign will be minimized.
- c. The United Way believes that the success of a capital campaign is of joint United Way-agency concern. Therefore, the United Way will emphasize the need for thorough planning and careful cultivation of prospective donors well in advance of the actual time of solicitation.
- d. In determining priority of clearance for capital campaign, the committee will consider the several proposals relatively, according to criteria such as:
 - 1) Adequacy and/or availability of present facilities for the agencies' programs
 - 2) Stability of the agencies' programs.
 - 3) Impact the proposed plans will have on future programs and operating budgets of the agencies.
 - 4) Physical conditions of present plans (including economy and public sal of maintenance and repair vs. new construction).
 - 5) Amount requested in light of community economic situation.
 - 6) Readiness of agency to campaign successfully.
 - 7) Impact the proposed plans will have on other United Way agenices in terms of duplication of services and competition.