

Title:	PREPARATION AND APPROVAL OF ANNUAL CAPITAL BUDGET
Number:	FC020
Effective:	March 23, 2006
Revised:	Nov 14, 2007
Review Schedule:	Annually at first meeting in calendar year
Last Review:	Nov 14, 2007
Responsible Committee:	Finance Committee

I. Definition of Capital Expenditures

- A. Expenditures made for tangible assets (property, equipment, etc.) that:
 - 1. Are expected to cost more than \$1000 and
 - 2. Have useful lives of more than one year.
- B. Expenditures made to maintain capital equipment and property may also be included in the capital budget (alternatively, such expenditures may be included in the operating budget), at the request of the CFO and with the approval of the Finance Committee, provided such expenditures:
 - 1. Are made less frequently than once every two years and
 - 2. Are expected to cost more than \$1000.
 - 3. Extend the useful life of the asset.

II. Schedule for Preparation and Approval

- A. The preparation and approval of the annual capital budget will occur according to the same schedule and process as the preparation and approval of the annual operating budget (see FC 010).

III. Selection of Proposed Investments

- A. The CFO will solicit requests, including priorities, for capital investments to be funded from ANS unrestricted funds from the sanctuary managers, property manager, and senior program staff.
- B. The CFO will consult with the CEO in selecting the projects to be included in the proposed capital budget. Higher priority should normally be assigned to investments that:
 - 1. Are needed to satisfy requirements imposed by government or by inspectors representing companies providing insurance to ANS
 - 2. Result in cost savings or increase revenues
 - 3. Address significant risks to infrastructure
 - 4. Will result in increased quality or quantity of services ANS is able to provide

IV. Size of Capital Budget

- A. This annual capital budget funded from unrestricted funds should normally:
 - 1. Not exceed the amount budgeted for depreciation in the operating budget.
 - 2. Include a reasonable contingency amount to pay for unexpected capital needs resulting from equipment breakdowns, storm damage, etc.
 - 3. Include a ten percent contingency for each of the approved capital expenditures to cover unexpected expenditures in association with the investment
- B. The Finance Committee can approve deviations from this policy with the concurrence of a majority of the committee members and the unanimous approval of the ANS Executive Committee. Such deviations should normally be limited to cases in which:
 - 1. All of the proposed expenditures satisfy one or more of the criteria listed in section III.B. of this policy and either
 - a. The operations of ANS could be significantly compromised if all the investments are not made, or
 - b. The costs of one or more of the proposed investments are largely (at least 50%) covered by restricted funds that will become unavailable to ANS if they are not spent within the fiscal year.
 - 2. If condition IV.B.1.b. pertains, the investment may be approved only on the condition that the staff shall attempt to obtain additional restricted funding to cover the portion of the investment that is not covered by the existing restricted funds.
- C. These restrictions on the size of the capital budget do not pertain to capital expenditures financed entirely by restricted funds. However, such expenditures are subject to the same review and approval process as those financed from unrestricted funds.

V. Review of Policy

The Finance Committee shall review this policy on an annual basis at the regularly scheduled meeting in February at which the Finance Committee sets the guidance for the preparation of the annual budgets.

Approval

Finance Committee Kathleen Malley Date: 10/24/07
(chair)

Board of Directors: _____ Date _____