

## **CONFERENCES OBTAINING ANNUAL COUNCIL BUDGET FUNDS FOR CAPITAL EXPENDITURES**

Amended Date:	Amendment Effective October 1, 2018
Review Date:	Each year the policy must be reviewed as part of the Budget Committee's review of the Annual Council Budget
Affected:	All Conferences seeking Capital Asset funds from the Annual Council Budget
Attachments:	Application Form
History:	Original Effective Date October 1, 2012

### **PURPOSE AND STATEMENT OF POLICY**

The purpose of this policy is to facilitate the decision of the General Membership (term for collective grouping of Conferences) in response to the recommendation of the Council Board of Directors ("Council Board") that the General Membership approve an Annual Council Budget ("Budget") containing a provision for the funding of some amount or percentage of anticipated Conference capital expenditures.

### **SOURCE OF FUNDS**

The Conferences at their General Membership meeting of September 15, 2012 approved a Budget for the fiscal year 2012-2013 that included an allowance to be used for the funding of capital expenditures made by Conferences during that fiscal year.

Each year thereafter, the General Membership will decide whether or not to include a similar provision in the Budget. The Budget Committee during its review of the Budget will also agree to a provision regarding funding of capital expenditures which it refers to the Board for approval, rejection or amendment.

### **APPLYING FOR FUNDS**

Conferences may apply for funds by submitting a completed Application to the Council's Conference Resources Committee (CRC) through Vincentian Support Services using the form provided for this purpose. The Application may be submitted by email, mail or fax.

Conferences may apply at any time during the fiscal year for funding available during that same fiscal year. Conferences may apply as often as it takes to reach the Conference Maximum Fund Limit for that year. However, under extenuating circumstance, the CRC will review a Conference's request for

additional Capital Asset assistance above the maximum. Funds are available on a first-come, first-served basis.

## **QUALIFYING CAPITAL ASSETS**

Only Capital Assets may be acquired using these funds. Capital Assets (“Assets”) is a class of assets characterized by:

- having useful lives greater than one year.
- are infrequently purchased.

To qualify, the Assets must be one of the types noted below and have a total cost of \$500 or more.

Assets purchased must be solely for the benefit and use of the Conference in the course of its normal Conference operations of serving the poor and needy, including the operation of a pantry.

The Assets that may be funded are:

- Furniture – Items such as desks, tables, chairs, file cabinets and bookcases.
- Fixtures – Items such as racks, awnings, bookcases, lighting and electrical, or plumbing that are attached to a real property in a manner that it becomes a part of that property.
- Equipment – Items such as freezers, refrigerators, computers and printers.
- Project – A major undertaking by a Conference where several items are purchased that together cost greater than \$1,000. An example of a project is the modernization of the Conference office in which desks, chairs, computer, printer and file cabinets are bought.
- To extend the life of an Asset, rather than purchase a new Asset (e.g., a compressor for a refrigerator).

Funds cannot be used to acquire:

- Land
- Buildings
- Improvements to owned or leased land or buildings (owner is responsible for cost)
- Vehicles
- Extended product warranties
- Utility deposits
- Assets used in the operation of a thrift store.

## FULL COST OF THE ASSET

The purchase price may not be the only cost when an Asset is acquired. It still has to be moved to the site where it is to be used, and the site might have to be modified in order for the new Asset to fit and be connected to any utilities or electrical and plumbing systems. All the costs of getting the Asset installed and usable to the Conference are included in the funding. This Full Cost of the Asset includes:

- Sale price of the Asset
- Applicable state and local sales/use taxes
- Transportation and shipping costs
- Installation costs
- Related modifications and fixtures to accommodate the installation and use of the Asset
- Disposal costs related to existing Assets
- All fees and permits required by local, county or state agencies for the installation and use of the Asset.

Figure 1: FULL COST OF THE ASSET

<b>Sale Price of Asset</b>	<b>\$5,000</b>
<b>Sales Tax (10%)</b>	<b>500</b>
<b>Transportation/Shipping Cost (Store added a delivery charge)</b>	<b>75</b>
<b>Installation Cost (Store added an installation charge)</b>	<b>200</b>
<b>Related Modifications and Fixtures (Existing wall was removed and electrician had to wire for 220 current.)</b>	<b>800</b>
<b>Disposal Costs of Existing Asset (County dump required a per item fee on equipment deposited there.)</b>	<b>50</b>
<b>Fees and Permits (County required a permit for the wall demolition.)</b>	<b>35</b>
<b>FULL COST OF THE ASSET</b>	<b>\$6,660</b>

## MATCHING FUNDS

Money is available to Conferences on a matching basis. Every dollar the Conference commits to the acquisition of Assets is matched up to a Maximum Funding Limit set each fiscal year during the budget approval process.

In the example above, the Conference and the approved budget would each pay one-half of the Full Cost of the Asset, or \$3,330. However, with the Maximum Funding Limit of \$2,200 starting October 1, 2018, the Conference would be responsible for \$4,460 (\$6,660 - \$2,200).

## **ABILITY TO PAY**

Before any funds are disbursed, the Conference must:

- Demonstrate an ability to pay its portion of the Full Cost of the Asset.

Or

- Request and receive approval for an exception to the matching provision.

On an exception basis only, all or a portion of the Conference's matching share may also be paid by the Fund when the Conference establishes that all of the following criteria apply:

- There is a compelling and immediate need for the Asset.
- Funds are not available in the Conference to pay all or a part of its matching share.
- Reasonable effort was made by the Conference without success to obtain its match from other Conferences, Districts and non-SVdP sources such as donors.

It is the responsibility of the Conference to demonstrate that it meets all of the exception criteria. Any Conference meeting these criteria will be given the same consideration for funding as is given to Conferences that can fully pay their share. All Conferences will be treated equally regardless of their financial condition.

## **APPLICATION DOCUMENTS**

Conferences must provide a completed Application which consists of the:

1. Application form that is approved by the Council Board.
2. Sale invoice or other evidence of the sale price of the Asset and any additional costs such as sales taxes and delivery and installation fees.
3. Contractor's estimate of modification costs.
4. Copy of building permits or approved drawings.
5. Other documents that may be required at the time to support the cost and usability of the item.
6. The District President must confirm that the Conference is in compliance with the Standards of Affiliation.
7. Conference must provide copy of Conference minutes approving the purchase.
8. All completed documents should be submitted to the Conference Resources Committee through Vincentian Support Services.

## APPROVAL

Approval of Applications will be made by the CRC based only on the criteria contained in this policy. Requests from Conferences for funds cannot be unreasonably denied or withheld without the prior approval of the Council Board.

The CRC provides Conferences with written notice of their approval or rejection of a request for funds and arranges for the distribution of checks for the amounts approved.

Conferences receiving a rejection may file an appeal with their District President within 15 days of receiving notice. Following a review by an appeals committee, the request may be approved or again rejected. If rejected, the decision of the appeals committee is final. (See Procedure and Instructions below.)

## PUBLICATIONS AND ANNOUNCEMENTS

The following criteria must be approved and communicated to all Conferences and Districts on an annual basis following their approval by the General Membership:

- Amount of the Capital Asset Fund
- Maximum Funding Limit per purchase request or Conference.

Once approved, the criteria must be included in the next edition of a publication of the Council, specifically one directed at Vincentians, or announced by the CRC in another written form to all Conferences, Districts and any other persons, departments and programs having a reasonable need to know. This announcement must be made prior to the beginning of the new fiscal year.

During the fiscal year, the CRC is responsible for publishing and announcing any changes in the amount of authorized funds as may be approved by the Council Board from time to time. The CRC must announce any changes made to this document and approved by the Council Board.

**Figure 2: CHANGE TO CAPITAL ASSET FUND**

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### APPROVED: FOR FISCAL YEAR BEGINNING OCTOBER 2018

<b>During the budget process</b>	\$30,000
<b>MAXIMUM FUNDING LIMIT IN FISCAL YEAR:</b>	\$ 2,200

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This announcement requirement also applies to a decision of the Council Board to replenish a depleted Fund.

No changes may be made to the amount of the Fund or the Maximum Funding Limit without the prior approval of the Council Board.

Notices of approvals and denials of requests for funding are made directly to the applicable Conference Presidents.

The CRC informs the Board monthly of the year-to-date number of requests approved, the total amount of funds disbursed and committed, and the current uncommitted balance of the Fund.

Any reference in this policy to writing, publishing or announcing means the task may be accomplished by handwritten, typed, emailed and faxed communications, but not by texting.

## **AUTHORITY**

Authority for overseeing the Fund and its administration is held solely by the Budget Committee.

The CRC is authorized to administer this policy and to make all communications, updates and modifications as required by this policy.

## **PROCEDURE AND INSTRUCTIONS**

### **1) Applying**

- a) Conference obtains a copy of the Application form which the CRC has posted and can be found on the Vincentian Support Services website.
- b) Conference collects any other documents needed as attachments to its Application.
- c) Conference makes and distributes at least three copies of the completed Application:
  - i) A file copy with attachments
  - ii) A copy of the Application to its District President
  - iii) A copy to the CRC along with all attachments.

### **2) Reviewing, Accepting and Rejecting**

- a) The CRC reviews the Application and attachments and determines that:
  - i) The application is complete and, if not, requests any missing documents.
  - ii) The Capital Asset to be purchased qualifies under this policy.
  - iii) The amount of funds requested is within the Maximum Funding Limit.
  - iv) Conference requesting funds has the ability to pay its share of the Asset cost.
  - v) If necessary, confirms Conference is in good standing.
- b) An Application is considered complete, and the “first-come, first served” clock begins, on the date that the last required paperwork is received by the CRC.

- c) The CRC reviews the amount of unused and uncommitted funds still available and determines if sufficient funds are available to fund the Conference's request.
- d) If in the opinion of the CRC the Application does comply with this policy and that sufficient funds are available, the CRC notifies the Conference President.
- e) A copy of the notification also is sent to the Chief Financial Officer for payment.
- f) If in the opinion of the CRC the Application does not comply with this policy, the CRC notifies the Conference President of that determination within two days after the application was reviewed by the CRC.

### **3) Exception Process**

- a) Conference states in its Application that it cannot pay all or a portion of its share of the Asset's cost.
- b) Conference provides supporting documents showing that it meets the three criteria for an exception to the matching requirement.
- c) The CRC reviews the Application and additional documentation to determine if the exception criteria have been met and makes a decision to accept or reject the request for the exception.
- d) The CRC provides written notice of the decision.

### **4) Appeals Process**

- a) Within 15 days following receipt of written notice of a rejection a Conference may appeal that decision in writing to its District President who forwards the matter for review in an ad hoc committee meeting called by the Council Treasurer. The ad hoc committee consists of the Council Treasurer, one other member of the Budget Committee selected by the Council Treasurer and the District President of the appealing Conference.
- b) If the President of the appealing Conference and the District President are the same person, which causes a conflict of interest, then the District's Vice President, Secretary or Treasurer (in that order) instead must represent the District.
- c) The written decision of the ad hoc committee is sent by the Council Treasurer to the Conference President, other members of the ad hoc committee and the CRC.
- d) The decision of the ad hoc committee is final.

### **5) Disbursement of Funds**

- a) The CRC's notification of approval, the completed Application and all required documents together provide sufficient supporting documentation to disburse the funds through the CRC.
- b) Within 14 days following the approval of the Application, a check is sent to the Conference to the attention of the Conference President.

- c) The Conference makes the purchase and sends a copy of the receipt(s) or paid invoice(s) to the CRC within five days of the purchase date.
- d) The CRC files the Application and other documentation supporting the purchase in accordance with its procedures.

**6) Replenishing the Fund**

If all Capital Asset funds authorized for the Conferences are used prior to the end of the fiscal year, the Council Board, at its sole discretion, may authorize that an additional amount from the Council's Capital Budget be earmarked for the specific use of the Conferences.

**7) Unused Funds**

Any earmarked funds not used or committed to the Conferences during the fiscal year are forfeited and not carried over into the next fiscal year.

**8) Attachments**

All attachments are material parts of this policy and carry the same authority as the policy and related procedure.

**9) Assistance**

Conferences may request help in completing their Application by contacting the CRC or its designee.

**ATTACHMENTS**

Copy of Application Form