

---

Legal Services NYC

Board Orientation

Finance Presentation

(Budget Criteria and Process Excerpt)

September 9th, 2008



What criteria and process  
does LS NYC use  
to develop  
unit budgets?

# Criteria for LS NYC Budgets

---

Unit budget proposals are evaluated against the following four “bottom lines”:

☐ **Purpose**

- Is the unit adequately pursuing its purposes as defined by the local mission, LS NYC mission and operational requirements, board directives and funders’ intentions?

☐ **Solvency**

- Is the unit receiving and generating sufficient resources to meet the expenses incurred through the relevant period?

☐ **Liquidity**

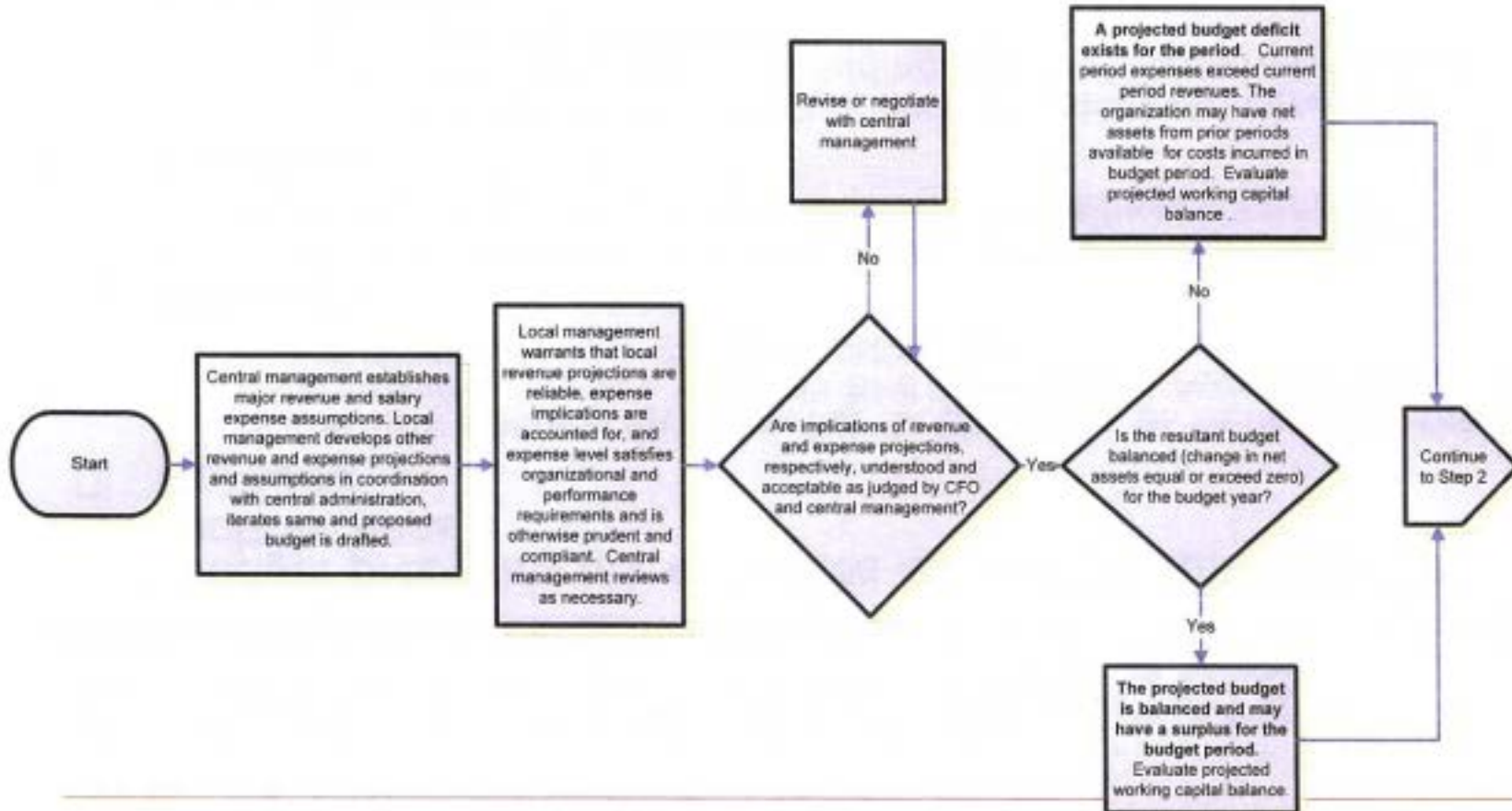
- Will the unit generate sufficient cash or cash-equivalents to meet its cash obligations, including board-designated reserve levels, in the relevant period?

☐ **Sustainability**

- Can the unit’s anticipated level of operations be continued into the future in a financially viable way, demonstrating efficient application of available resources to the mission and funders’ intentions?

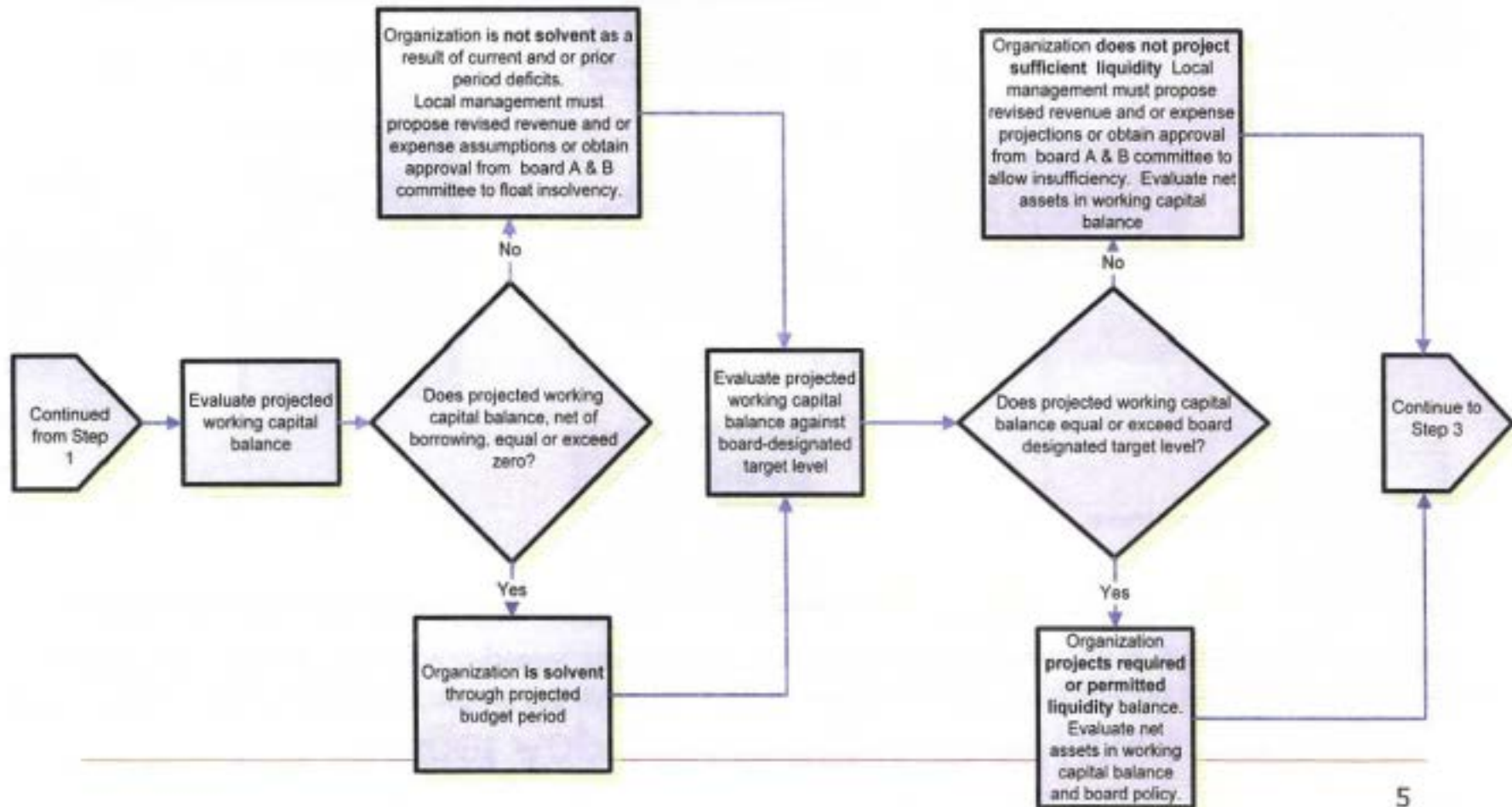
# Budget Approval Process Flow Chart

Step 1: Does Proposed budget reflect revenues and expenses that are understood, credible and satisfy organizational purposes  
(mission, performance, operational viability)?  
Does the budget balance for the budget period?



# Budget Approval Process Flow Chart

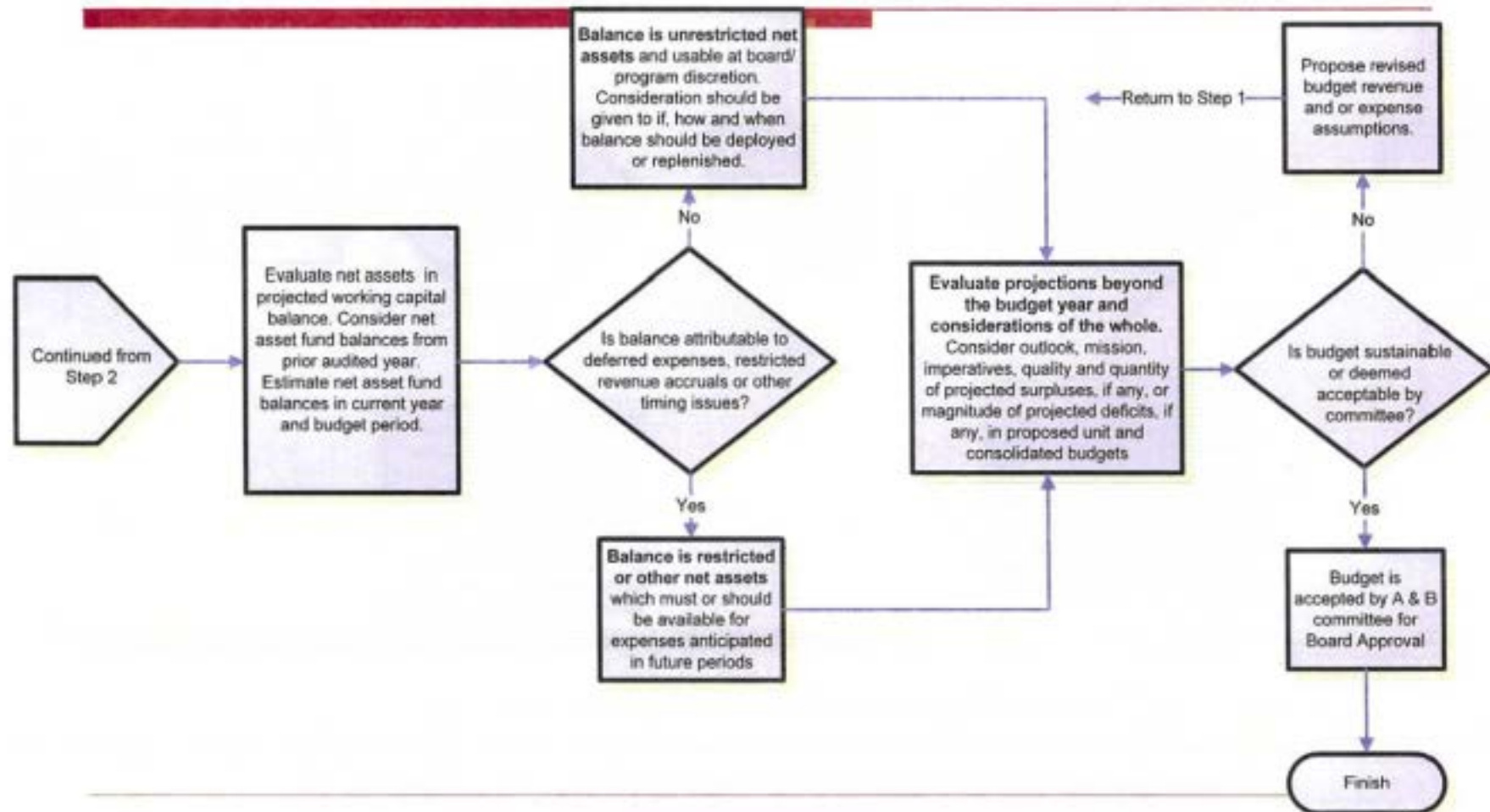
Step 2: Does proposed budget reflect working capital balances that indicate that the organization is solvent and has achieved board designated liquidity levels?





# Budget Approval Process Flow Chart

Step 3: Does proposed budget reflect net asset fund balances and implications beyond the budget year that are sufficiently understood and acceptable that budget may be deemed sustainable or otherwise acceptable?



# Preliminary 2009 Budget Directive

---

- ❑ All LS NYC unit budgets must achieve a working capital balance of zero or positive dollars by year end 2009.
- ❑ If sufficient working capital is projected and a projected operating deficit exists for the budget period, the unit must a) project a zero or positive working capital balance in the year after the budget year or b) propose new revenue or reduced expense acceptable to central management that do so.
- ❑ Any acceptable deviation from the above objectives will be determined via application of the foregoing framework by the Audit and Budget Committee in discussion with LS NYC management and Constituent Corporation management and board representatives, as appropriate

