

Shadowfax

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| Title | Annual Budget Policy |
| Policy Number | FIN.2001.000.000 |
| Policy Owner | Director of Finance |
| Approved By | Compliance Committee 12-15-21 |
| Origin Date | November 19, 2021 |
| Revision Date | |
| Effective Date | January 1, 2022 |
| Next Review Date | January 2023 |
| Associated Policies | |
| Associated Procedures | |
| Associated Forms | |

I. POLICY STATEMENT

Finance is committed to providing an annual budget to Program Directors, Executive Leadership, and Board of Directors. The budgets will be summarized in monthly and annual periods.

II. PURPOSE

This policy is intended to provide the standards on the preparation and presentation of annual budget information to key stakeholders to ensure financial due diligence and accountability.

III. SCOPE

This policy applies to Program Directors, Executive Leadership, and the Finance Department. The Compliance Committee is responsible for the implementation and monitoring of this policy.

IV. GENERAL

Shadowfax prepares an annual budget on the accrual basis of accounting according to Generally Accepted Accounting Principles (GAAP). The budget

process will be started during the 10th month of the current fiscal year and completed in the 12th month of the current fiscal year.

V. POLICY

The Finance Department will prepare annual budget worksheets for operating and administrative departments. These budget worksheets will include prior fiscal year financial actuals and budget, as well as current year fiscal financial projections. Within the worksheet, there will be a column for next fiscal year financial budgets proposed financial budgets will be entered and presented by Program Directors.

Program Directors

Program Directors will be responsible for developing their programs annual budget. They will use the following quantitative and qualitative factors in developing their budget:

- Prior Fiscal Year Actuals
- Prior Fiscal Year Budgets
- Current Fiscal Year Projections
- Anticipated business environment changes
- Funding and reimbursement changes
- Expansion or reduction of market area or participant population
- Strategic initiatives that will have an impact on operations in the upcoming fiscal year.

Draft program budgets will be returned to the Finance Department as communicated by the Finance Department. Program Directors will be responsible for preparing due diligence presentations that outline budget assumptions, challenges, opportunities, and unknowns for presentation to Senior Leadership.

Finance Department

The Finance Department will schedule and organize the budget due diligence meetings with Executive Leadership and Program Directors to review the budget

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plans. At this time, it is the responsibility of Executive Leadership to review and assess the budgets as presented and to determine if appropriate and reasonable to Shadowfax, as a whole. Recommendations from Executive Leadership will be gathered by Program Directors and budgets will be updated as discussed during the due diligence meetings.

The Finance Department will collect all final budget worksheets from Program Directors and merge them into the Shadowfax consolidated financials for presentation to Executive Leadership.

Senior Leadership

Additional program budget changes may be recommended by Executive Leadership after assessing the consolidated budget plan. After any final recommendations, the final budget will be approved for presentation to the Board of Trustees by Executive Leadership.

VI. OVERSIGHT

Shadowfax's Compliance Committee shall be in charge of the administration of this Policy. The responsibilities include:

1. Identifying the activities necessary to comply with this policy based on accounting and program requirements.
2. Periodically reviewing this policy and monitoring compliance to it.
3. Training responsible parties on their obligations under the policy.

Revision History

| Name | Date | Reason for Changes | Version |
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