

## Policy 10.12

<b>POLICY TITLE:</b> BUDGET	<b>POLICY #:</b> 10.12	
<b>Topic Area:</b> Board of Directors	<b>Issued By and Approved By:</b>  Board of Directors	<b>REVIEW DATES</b>
<b>Applies to:</b> Chief Executive Officer, Board of Directors		11/18/21
<b>Review Cycle:</b> Annually		
<b>Developed and Maintained by:</b> CEO and Designees		
<b>Supersedes:</b> N/A		
	<b>Effective Date:</b> 9/16/17	<b>Revised Date:</b> 3/25/2026

### I. PURPOSE

To make sure the Board of Directors receives clear and accurate budget information so it can carry out its oversight responsibilities and ensure fiscal accountability.

### II. POLICY

The Entity will develop and manage the budget so that it supports the Board of Directors' priorities and expected results, does not put the Entity at risk of financial harm, and is based on a multi-year plan.

Budget development and reporting will comply with applicable federal and state requirements, including confidentiality and record-handling requirements when they apply.

To meet this expectation, the Entity CEO will prepare and share a budget that:

1. Includes enough detail to reasonably project revenues and expenses, separates capital and operating items, identifies cash flow, and states key assumptions.
2. Plans spending based on funds that are conservatively projected to be available in that fiscal year.
3. Provides enough detail for Board decision-making, including expected costs for the annual audit, Board development, Board and committee meetings, and legal services.
4. Supports long-term financial stability and builds organizational capacity to achieve future goals.
5. Can be reported to the Board of Directors monthly (as requested).
6. Follows generally accepted accounting principles (GAAP) and other applicable accounting standards.

### III. APPLICABILITY AND RESPONSIBILITY

This policy applies to the Entity Chief Executive Officer (CEO).

### IV. MONITORING AND REVIEW

This policy is reviewed by the CEO and LRE Board of Directors on an annual basis.

**V. DEFINITIONS**

N/A

**VI. RELATED POLICIES AND PROCEDURES**

- A. Financial Policies and Procedures
- B. Board Policies and Procedures

**VII. REFERENCES/LEGAL AUTHORITY**

Michigan Mental Health Code (MCL 330.1001 et seq.), as applicable; 42 CFR Part 2 (Confidentiality of Substance Use Disorder Patient Records), as applicable.

**VIII. CHANGE LOG**

Date of Change	Description of Change	Responsible Party
11/18/21	Added Purpose	CEO and Designees
3/25/26	Updated PURPOSE and POLICY for plain-language clarity; added compliance statement; updated References/Legal Authority to include Michigan Mental Health Code and 42 CFR Part 2 (as applicable).	CEO and Board of Directors