

# AUTHORIZATION FOR EXPENDITURE (AFE) POLICY

## Section A. Definition.

Capital expenditures are costs incurred for the purchase of assets or for significant alterations to existing assets. Generally, capital expenditures provide future benefits beyond the current period by: 1) extending the useful life of an asset, or 2) increasing the quantity or quality of services provided by an asset. Capital expenditures are generally not recurring.

## Section B. Basis.

The officers of the church need advanced notice of significant capital expenditures due to our thin margin of budgetary operating. The church staff, officers and committee chairs need good communication, so that construction discussions may result in decisions regarding:

1. Timing of the repairs or purchases, and subsequent expenditures;
2. Prioritizing of capital expenditures.
3. Potential problem solving solutions resulting in reduced expenditures.

## Section C. Policy

An authorization for Expenditure (AFE) shall be submitted to the Church Treasurer or Chairperson of the Board in advance of any singular capital expenditure, or the sum or multiple expenses related to a singular capital expenditure, in excess of \$1,000.00, except in the case of emergency repairs. The AFE approval process shall be coordinated with the appropriate committee chairperson, as well as the Treasurer or the Chairperson of the Board, prior to purchasing materials or scheduling repairs.

It is understood that extreme emergencies do occur, such as weekend cooling/heating system problems and certain plumbing problems. The Treasurer or Chairperson of the Board shall be notified regarding these expenditures as soon as possible following the repair.

This policy, adopted March 13, 2000, supersedes any expenditure policy previously adopted by any committee.

## Section D. Steps of Implementation

Staff or Committee prepares AFE after meeting with Contractor or Supplier.

AFE presented to Treasurer and/or Board Chairperson.

Treasurer and/or Board Chairperson meeting with Staff and/or Committee.

AFE may need to be presented to Board of Directors.

Expenditure is accepted and prioritized, or tabled.