



California State University Stanislaus Foundation

Subject: Reserve Policy	Policy Date: 01/01/2006 Revision Date: 02/20/2014	Effective Date: 01/01/2006
-------------------------	--	----------------------------

I. Background

Each California State University auxiliary organization is required to conform to policies of the Board of Trustees and the campus (ref: Education Code, Section 89900(c)). Each campus President is responsible to require that auxiliary organizations operate in conformity with these policies.

The Chancellor’s Office is required to implement financial standards applicable to all CSU auxiliary organizations to assure their fiscal viability (ref: Education Code, Section 89904 (b)) and to implement policies for the uses of indirect costs (ref: Education Code Section 89904(d)).

Each auxiliary governing board has authority and responsibility for the organization's affairs within the context of policies of the Board of Trustees and the campus. *The Compilation of Policies and Procedures for California State University Auxiliary Organizations* provides guidelines for auxiliaries to implement certain fiscally-related policies applicable to auxiliary.

Annually each auxiliary governing board shall review the fiscal viability of the auxiliary organization to include:

- A. A review of management functions to ensure provisions for adequate professional management (ref: Education Code, Section 89904(b)).
- B. An evaluation of the need for reserves in the following areas:
 - a. Working Capital
 - b. Current Operations
 - c. Capital Replacement
 - d. Planned future operation (including future new business requirements which have been recognized by the campus and the auxiliary organization as appropriate and within the education mission on the campus).
- C. The establishment of revisions of reserves and their funding level in accordance with the above evaluations.
- D. The submission of a report annual to the President of the University, which includes a plan to build and maintain appropriate reserves. Such report may be a part of the annual budget submission.

II. Purpose

The purpose of this policy is to set forth guidelines and criteria for maintaining adequate account reserves to assure the financial well-being of the California State University, Stanislaus Foundation (Foundation).

III. Authority

The policy set forth within this document is issued under the authority of the Foundation Board of Directors. Authority and accountability is herewith delegated to the Foundation Executive Director for implementation of this policy.

IV. Policy

The Reserve Policy is therefore established to provide the basis for the annual review of fiscal viability, to comply with Board of Trustee’s policies on maintaining appropriate working capital/current operations, reserves and planned future operations.

V. Guidelines:

The Foundation oversees and administers fundraising operations for the University. The Foundation does not engage employees, provide specific revenue producing activities nor engage in the management of fixed assets. As such, the Foundation will hold in reserve the following funds for operations. The Foundation shall maintain reserves in two fund categories:

- A. General Fund: Funds available for Auxiliary administrative operations.
- B. Designated Fund: Funds for specific purposes identified by the Board of Directors.

General Fund Reserves

Adequate reserves should be maintained for emergency administrative operating expenses and to offset unexpected shortfalls in anticipated income as appropriate. The minimum reserve-level target shall be equal to three months of the administrative operating expenses, determined by calculating an average of the past three years. The maximum reserve-level target shall be one full year’s administrative operating budget, as determined by calculating an average of the past three years.

Designated Fund Reserves

From time to time the Board of Directors may identify a specific need requiring a reserve account (e.g. post-retirement obligation, real estate acquisition). When such a designated fund is established the minimum and maximum for such a reserve shall be stipulated by the Board.

Funding Priority

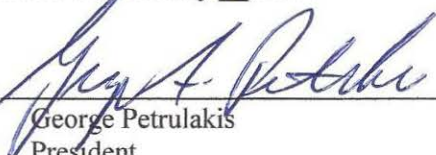
Compliance with any existing financing instrument requirements shall be met. Should sufficient funds not be available to contribute to, or advance, all the remaining identified Reserve-Fund Categories to the greatest extent possible, they will be funded in the following order of priority:
General Fund
Designated fund, if existing

Annual Reporting

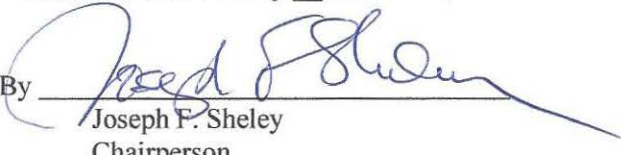
During the last quarter of each fiscal year, the Executive Director will prepare a financial report indicating what reserve contributions are required for the following fiscal year as defined under Section V, Guidelines and present it to the Foundation Board of Directors for approval at the last meeting of the fiscal year. All expenditures from the Foundation’s reserve accounts require the approval of the Foundation Executive Director and will be reported to the Foundation Board of Directors.

I hereby certify that the Foundation Reserve Policy was approved at the February 20, 2014, Board of Directors meeting.

Executed on February 20, 2014

By 
George Petrulakis
President
California State University Foundation

Executed on: February 20, 2014

By 
Joseph F. Sheley
Chairperson
California State University Foundation