

ACTIVITY FEE NET ASSETS RESERVE POLICY

I. NAME

This document shall be called Activity Fee Net Assets Reserve Policy.

II. PURPOSE

The purpose of this policy is to document the approved Activity Fee Fund reservation of net assets.

III. DATE OF EFFECTIVENESS

This policy shall be effective upon approval of the Government Affairs Committee (GAC) and reported to the Associated Students Board of Directors (AS BOD).

IV. AMENDMENTS

This policy may be amended by a 2/3 majority vote of the GAC and reported to the AS BOD.

V. POLICY

Invested in Fixed Assets

The fixed assets reserve covers the cost of existing fixed assets within the Activity Fee area.

The invested in fixed assets reserve shall be equal to the cost of the fixed assets less accumulated depreciation and debt related to those assets.

Working Capital Reserve

The intent of the working capital reserve is to provide adequate cash for daily operation of the Activity Fee area during the first two months of the fiscal year, July and August.

The working capital reserve shall be equal to one sixth of the total operating expenses for the preceding year.

Inflation/Contingency Reserve

The purpose of the inflation/contingency reserve is to enable the Government Affairs Committee to continue funding programs at an increased level each year, if desired. The reserve should minimize and postpone a fee increase and at the same time increase the program dollars.

The inflation/contingency reserve shall be equal to 10% of the Activity Fee operating expenses for the preceding year.

Capital Replacement Reserve

The capital replacement reserve will set aside excess earnings to purchase additional fixed assets. This reserve will provide cash to purchase needed fixed assets, in order to avoid affecting current operations cash flow.

The capital replacement reserve shall be equal to 10% of the total cost of fixed assets up to \$50,000.

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| Approved GAC: | 3/19/93 |
| Approved AS BOD: | 3/31/93 |
| Revisions Approved GAC: | 5/14/02 |
| Reported to AS BOD: | 6/27/02 |
| Revisions Approved GAC: | 4/8/03 |
| Reported to AS BOD: | 4/16/03 |
| Revisions Approved GAC: | 2/2/04 |
| Reported to AS BOD: | 2/11/04 |
| Revisions Approved GAC: | 4/14/15 |
| Reported to AS BOD: | 4/20/15 |
| Revisions Approved GAC: | 11/27/17 |
| Reported to AS BOD: | 11/29/17 |