

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. The net asset reservations established by this policy are vital to ensure the stability of the mission, programs and long-term financial well-being of the Activity Fee Fund and to provide a source of internal funds for organizational priorities such as student government and leadership opportunities and student focused programming.

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

A. NET ASSET RESERVES

Non-Cash Reserve

Invested in Fixed Assets

The invested in 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.

Cash Reserves

Operating Reserve

The operating reserve sets aside cash for daily operation of the Activity Fee area during the first two months of the fiscal year, July and August.

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

Inflation/Contingency Reserve

The inflation/contingency reserve sets aside additional funds 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 sets aside funds to purchase needed fixed assets, in order to reduce the impact on current operations cash flow.

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

B. CASH RESERVES FUNDING AND INVESTMENT PROCESS

Cash reserves will be funded with Activity Fee Fund surplus unrestricted net income. The cash reserves will be held with the general cash and investments of the Activity Fee Fund and will be invested in accordance with the AS Investment Policy.

C. NET ASSETS RESERVE OVERSIGHT

Activity Fee Fund net asset reserves will be reviewed as part of the annual budget approval process, including actual experience as of prior fiscal year end and future projections. Plans to restore any net asset reserve shortfalls will be included in this process.

D. CASH RESERVES SHORTFALL

In the event that Activity Fee Fund cash reserves fall below the calculated level at fiscal year end, the shortfall will be applied to the reserves in the following order:

1. Capital replacement reserve
2. Inflation/Contingency reserve
3. Operating reserve

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
Revisions Approved GAC:	4/17/19
Reported to AS BOD:	4/24/19