

## DINING SERVICES NET ASSETS RESERVE POLICY

### I. NAME

This document shall be called the Dining Services Net Assets Reserve Policy.

### II. PURPOSE

The purpose of this policy is to document the approved Dining Services reservation of net assets. The net asset reservations established by this policy are vital to ensure the stability of the mission, operations and long-term financial well-being of the Dining Services program and to provide a source of internal funds for organizational priorities such as providing high quality and affordable student focused residential and retail dining options.

### III. DATE OF EFFECTIVENESS

The policy shall be effective upon approval of the Associated Students Businesses Committee (ASBC) 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 ASBC and report 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 Dining Services area.

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

##### Cash Reserves

##### Operating Reserve

The operating reserve sets aside funds to provide adequate cash for daily operation of the Dining Services area.

The operating reserve shall be equal to six percent of the cost of sales and operating expenses for the preceding year of all dining service areas, except Sutter Residential Dining, up to \$250,000.

##### 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 ten percent of the total cost of fixed assets of all dining service areas, except Sutter Residential Dining, up to \$75,000.

Contingency Reserve

The contingency reserve sets aside funds to cover unexpected or non-recurring expenses.

The contingency reserve shall be equal to one and one-half percent of the operating expenses for the preceding year of all dining service areas, except Sutter Residential Dining, up to \$35,000.

Facilities Upgrade

The facilities upgrade reserve sets aside funds to complete facility upgrades, in order to reduce the impact on current operations cash flow.

The facilities upgrade reserve shall be equal to \$500,000.

**B. CASH RESERVES FUNDING AND INVESTMENT PROCESS**

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

**C. NET ASSETS RESERVE OVERSIGHT**

Dining Services net asset reserves will be reviewed as part of the annual budget approval process, including actual experience as of the 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 Dining Services cash reserves fall below the calculated level at fiscal year end, the shortfall will be applied to the reserves in the following order:

1. Facilities upgrade reserve
2. Capital replacement reserve
3. Contingency reserve
4. Operating reserve

Approved ASBC:	4/20/15
Reported to AS BOD:	4/20/15
Approved ASBC:	4/22/19
Reported to AS BOD:	4/24/19