

# STUDENT UNION AND WILDCAT RECREATION CENTER NET ASSETS RESERVE POLICY

## I. NAME

This document shall be called the Student Union (Union) and Wildcat Recreation Center (WREC) Net Assets Reserve Policy.

## II. PURPOSE

The purpose of this policy is to document the approved Union and WREC 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 Student Union Fund and to provide a source of internal funds for organizational priorities such as providing high quality student focused facilities, services and programming.

## III. DATE OF EFFECTIVENESS

This policy shall be effective upon approval of the Bell Memorial Union Committee (BMUC) and report to the Associated Students Board of Directors (AS BOD).

## IV. AMENDMENTS

This policy may be amended by a 2/3 majority vote of the BMUC 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 Union and WREC areas.

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 funds to provide adequate cash for daily operation of the Union and WREC facilities during the summer months, June through August.

The working capital reserve shall be equal to 25% of the prior year's operating expenses.

##### 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 up to \$250,000.

Contingency Reserve

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

The contingency reserve shall be equal to one and one-half percent of the operating expenses of the preceding year up to \$100,000.

Sustainability Program Reserve

The sustainability program reserve sets aside excess operating funds from the sustainability program to fund future AS sustainability efforts.

The sustainability program reserve shall be equal to the cumulative unallocated or unspent sustainability funding from prior years.

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

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

**C. NET ASSETS RESERVE MONITORING**

Student Union Fund 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 that Student Union 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. Contingency reserve
2. Capital replacement reserve
3. Operating reserve
4. Sustainability program reserve

Approved BMUC:	4/23/92
Approved AS BOD:	4/30/92
Clean-up Changes:	Summer 1999
Revisions Approved BMUC:	11/29/00
Reported to AS BOD:	12/11/00
Revisions Approved BMUC:	4/23/03
Reported to AS BOD:	4/30/03
Revisions Approved BMUC:	5/13/09
Reported to AS BOD:	5/13/09
Revisions Approved BMUC:	2/10/10
Reported to AS BOD:	2/17/10
Revisions Approved BMUC:	4/22/15
Reported to AS BOD:	4/27/15
Revisions Approved BMUC:	4/30/19
Reported to AS BOD:	5/8/19