
CSUSB PHILANTHROPIC FOUNDATION

Reserve Policy

Original Policy Date:	December 4, 2014
Reviewed By:	Foundation Board of Directors on December 4, 2014
Approved By:	Foundation Board of Directors on December 4, 2014
Reviewed By:	Foundation Board of Directors on June 3, 2026
Approved By:	Foundation Board of Directors on June 3, 2026

I. Background

The California State University system issued a policy statement entitled Financial Standards and Fiscal Viability Guidelines for the CSU Auxiliary Organizations and directed this policy be implemented by the Campus Presidents and each auxiliary governing board. On the subject of reserve requirements, this policy states:

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:
 - Working Capital
 - Current Operations
 - Capital Replacement
 - Planned future operations (including future new business requirements which have been recognized by the campus and the auxiliary organization as appropriate and within the education mission of the campus).

The establishment or revision of the use of reserves for the above areas shall be approved by the Board, and their funding levels shall be approved by the Board and the President when the annual budget is approved.

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 CSUSB Philanthropic Foundation (Foundation).

III. Policy

The Reserve Policy provides the basis for the annual review of fiscal viability, to comply with Board of Trustees' policies on maintaining appropriate working capital/current operations, reserves and planned future operations.

IV. 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 categories:

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

General Fund Reserves

Adequate reserves shall be maintained for emergency administrative operating expenses and to offset unexpected shortfalls in anticipated income as appropriate. Reserve targets are based on the average of the prior two fiscal years of administrative operating expenses:

- Minimum reserve target: Six (6) months of administrative operating expenses.
- Maximum reserve target: Twelve (12) months (one full year) of administrative operating expenses.

If the reserve balance falls below the minimum target, the Executive Director shall notify the Investment and Finance Committee and present a remediation plan at the next regularly scheduled Board meeting. If the balance exceeds the maximum target, the Board may direct the excess toward the Designated Fund or approve other appropriate uses consistent with the Foundation's mission and/or university priorities.

Designated Fund Reserves

The Board of Directors may identify a specific need requiring a dedicated reserve account (e.g., investment loss, real estate acquisition, etc.). 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

V. Annual Reporting

During the last quarter of each fiscal year, the Chair of the Investment and Finance Committee shall present a budget report indicating what reserve contributions are required for the following fiscal year as defined under Section IV, Guidelines, to the Foundation Board of Directors for approval at the annual business meeting of the fiscal year.

VI. Policy Review

This policy shall be reviewed by the Foundation Board of Directors no less than every two (2) years, or sooner if material changes in law, CSU system policy, or Foundation operations warrant an earlier review. Proposed amendments shall be presented to the Board for approval and recorded in the Board minutes.