Associated Students Incorporated
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Reserves Policy
Approved per BD 71-20 | May 26, 2020

Purpose: The purpose of this policy is to establish the necessary reserve funds to meet unexpected financial contingencies and maintain the financial solvency of Associated Students, Inc. (ASI).

Scope: This policy applies to all ASI personnel, positions, office holders, and members of ASI

1. **Background.** Every business venture, whether in the private or the public sector, must contend with the possibilities of the unexpected which may present opportunities or court financial ruin. Reserve accounts are established, and funding levels are designated, to meet these contingencies. In addition, California Education Code (89904 – 89905) "the establishment or revision of reserves and their funding level" in accordance with management review.

2. **Establishing the reserve accounts.** This policy establishes the following six (6) accounts with the associated definitions and funding levels:

   Emergency Reserve Account: The Emergency Reserve Account is established to meet unanticipated needs which arise during a fiscal year involving unanticipated emergency corporate obligations. Funding Level: Not lower than $100,000.00, or as designated by the ASI Board of Directors (BoD).

   Administration Reserve Account: The Administration Reserve Account is established to provide for retirement, medical, and other legal obligations to ASI personnel. The Administration Reserve Account provides one fiscal year's wages and benefits for the ASI regular full-time employees in the event of an unanticipated emergency. Funding Level: Not lower than $400,000.00, or as designated by the ASI BoD.

   Equipment Reserve Account: The Equipment Reserve Account provides for repairs and replacement of major equipment. Funding Level: Not lower than $100,000.00 or as designated by the ASI BoD.

   Operations: The Operations Account provides for three (3) months operating funds for current operations during any critical operating budget circumstance. It is not anticipated that this account would be accessed without a major area or statewide emergency. Funding Level: Not lower than $300,000 or as designated by the ASI BoD.

   Construction Reserve Account: This reserve account is established to support the expansion of the ASI offices at such time as the Santos Manuel Student Union (SMSU) management decides to expand the SMSU floor space. Funding Level: Not lower than $200,000.00.

   Contingency Reserve: This reserve account is established to cushion any budgetary instability resulting from unforeseen events or turbulence in enrollment during the fiscal year. Funding Level: Not lower than $200,000.00.

Palm Desert Campus Reserve: This reserve account is established to support unforeseen expenses in the ASI Palm Desert Campus (PDC) operations. It is supported by PDC ASI fees. ASI fees which are accrued over and above the budgeted amount expected are placed into this account. For PDC students who are also attending classes at the CSU, San Bernardino (CSUSB) campus, their fees are split proportionally between the CSUSB campus and the PDC campus. Funding Level: There is no minimum funding level established for this reserve account.

3. **Accessing Reserves:** Accessing reserve accounts will require a 2/3 majority of the filled voting member positions in attendance at a meeting of the ASI BoD. In the event that the ASI Board of Directors is unable to be convened, then access to the reserve accounts will be decided by the ASI Executive Committee as defined in Article VI, Section 2A, subparagraph 2 of the ASI Bylaws.

4. **Reaching the reserve account limits:** It is ASI's policy that the limits defined above will be reached incrementally in order to avoid turmoil and disruption of ASI activities. The University Accounting office will coordinate with the ASI Executive Director in supplementing these accounts until the defined limits are reached and will continue to coordinate with the Executive Director thereafter to maintain the limits.

5. **Periodic review:** The reserve accounts and this policy will be reviewed annually by the ASI Executive Director for sufficiency. It will be the ASI Executive Director's responsibility to bring any areas of interest regarding the Reserve Accounts to the ASI Board of Directors.

Revised: Per BD 71-20, 05-26-20