

section on the disposition of net earnings:

Foundation agrees to comply with CSU and Campus policy on expenditure of funds, including but not limited to CSU guidelines for the disposition of revenue in excess of expenses and CSU policies on maintaining appropriate reserves.

II. POLICY

A. Terms and Definitions

1. Sources of Funds

The Foundation receives its operating capital from the following sources:

- a. Gifts
- b. Fees for administering endowments
- c. Gift fees

d. Investment income

2. Applications of Funds

The funds received from the above sources are utilized for the following purposes:

- a. Invested in operational assets
- b. Interfund/Intrafund loans
- c. -runyrD1l 0 0 1 284 /P Amapprfun.62 4s ot 4T1riatited ts

restrictions, and Board of Director approved policy and budgets.

D. Delegated Authority

The Foundation President has the authority to transfer and assign unappropriated net earnings of the General Fund to Designated funds based on present and anticipated financial requirements, expected total return on future investments, general economic conditions, and programmatic need.

E. Practices

1. Application of Accounting Rules & Standards
At the close of each fiscal year the net earnings from each function shall be added to separate net classification accounts as required by GASB.
2. Assignment or Designation within Net Assets Classification
Supplemental assignment or designation of net earnings within the required net assets classifications shall be done as follows:
 - a. Unrestricted The part of net assets that is comprised of unrestricted, non-designated gifts and earned fees and investment. The first priority for use of net earnings shall be to fund investment in operational assets, approved budget appropriations, audit/legal requirement, or specific scholarship/program accounts. These transfers will be automatic, not
 - b. The surplus funds available after all of the specified allocations are made will be held in the Unrestricted Fund Balance account or transferred to the
3. Reserve Guidelines
 - a. Working Capital/Current Operations cash or cash equivalents to meet a minimum of six months operating budget
 - b. Capital Acquisition/Replacement as determined by Finance and Investment Committee, when necessary
 - c. Planned Future Operations as determined by Finance and Investment Committee, when necessary

IV. IMPLEMENTATION AND REPORTING

Management is authorized to establish written procedures to implement this policy. The board delegates the responsibility for reviewing financial reserves to the Finance and Investment Committee. The Finance and Investment Committee will review reserve adequacy on an annual basis and report to the University President as required by CSU policy.