

**HSU ADVANCEMENT FOUNDATION
RESERVE POLICY
APPROVED AT NOVEMBER 29, 2006 BOARD MEETING**

I. PURPOSE

To provide a basic policy regarding auxiliary reserves as required by the California State University (CSU).

II. POLICY

The CSU requires an annual reporting of auxiliary reserves be made to the University President. As a minimum, reserves in the following four areas need to be addressed:

- Working Capital
- Current Operations
- Capital Acquisition/Replacement
- Planned Future Operations

It is the policy of the Board of Directors of the HSU Advancement Foundation to maintain adequate financial reserves to cover working capital requirements, current operation for short-term revenue shortfalls, capital asset replacement, planned future operations, and contingencies.

The Board delegates the responsibility for reviewing financial reserves with the Finance Committee. The Finance Committee will review reserve adequacy on an annual basis and report to the University President as required under CSU policy.

Reserve Policy Guidelines:

- Working Capital/Current Operations-one year annual operating budget for cash flow
- Capital Acquisition/Replacement-as determined by Finance Committee
- Planned Future Operations-as determined by Finance Committee