

X OPERATING FUND RESERVE

The Foundation has developed the Operating Budget and Reserve based on the following source of income:

1. Five percent (5%) of unrestricted or temporarily restricted gifts of more than \$10,000 in one fiscal year.
 2. Five percent (5%) of permanently restricted (endowment) gifts.
 3. Up to one and half percent (1.5%) on the Endowment Fund.
 4. Interest and dividends earned on Non-Endowment Fund.
1. In any fiscal year, the Foundation may approve, a part of the income for the Operating Budget, and the remaining income will be maintained in a separate general ledger account to be held as reserve. The reserve will be available with the approval of the Board for expenses including, but not limited to:
 - a) One-time capital expenditures to improve fund raising efficiency, effectiveness at the University and/or to increase the administrative capacity of the Foundation;
 - b) Unforeseen expenses arising in a fiscal year for which funds have not been allocated in the budget or for which inadequate funds have been allocated;
 - c) Unbudgeted expenses associated with negotiating, accepting, stewarding and acknowledging major gifts;
 - d) As an offset to any deficit in the designated fund balance resulting from poor investment performance;
 - e) As a supplement to the revenues comprising the Foundation operating budget in a subsequent year.
 2. Any recommended reserve shall be presented to the Board of Directors and to the President of the University as a part of the annual operating budget approval process for the Foundation and will be represented in each of the quarterly financial statements.
 3. Approved reserve funds shall be invested consistent with the un-endowed Investment Policies and Procedures.

Approved January 24, 2008
Revised: January 26, 2012