	<p style="text-align: center;">POLICY & PROCEDURE MANUAL</p> <p style="text-align: center;"><u>Associated Students of California State University Channel Islands, Inc.</u></p>	<p style="text-align: right;"><i>Policy No.: ASI 3.0</i> <i>Number of Pages: 1 of 2</i></p>
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Policy on Reserves

BACKGROUND AND PURPOSE

California State University Policy:

The establishment of adequate reserve policies for CSU auxiliaries is required to meet the California State University financial standards established in Education Code, Section 89904(b). Section 89904(b) states that auxiliaries shall implement financial standards that will assure fiscal viability by the establishment of reserve funds for current operation, capital replacement and new business requirements. The following policy follows the “Financial Standards and Fiscal Viability” for Financing and Risk Management as stated in Appendix G of the CSU Policies for Auxiliary Organizations.

POLICY

This Reserves Policy is established to provide the basis for the annual review of fiscal viability, to comply with accepted accounting principles relative to balance sheet presentation of reserves, and to provide the criteria for distribution of reserves.

TERMS AND DEFINITIONS

Sources of funds:

Associated Students of California State University Channel Islands, Inc. (“ASI”) sources its operating capital from the following:


- Unrestricted gifts
- Investment or miscellaneous income
- Student fees

Use of funds:

ASI expends funds for current operations and designated programs.

Reserves:

Reserves are generated from an excess of revenues over expenses in ASI’s Unrestricted Net Asset class only, i.e. exclusive of any Restricted Net Assets.

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Funding Reserves:

Allocations to reserves may be recommended in any year to any of the following Board-designated provisions when unrestricted revenues exceed expenses.

- Working Capital & Current Operations
- Capital Equipment Acquisition
- Lease and Contracted Obligations
- Capital Development (Facilities construction)

FUNDING PRIORITY

Excess revenues will be allocated annually first to the following reserve categories until such level of funding is attained according to the following requirements:

Working Capital and Current Operations

This appropriation will be maintained at a reserve level until it is sufficient to provide for at least 1 year of normal operating expenses for all ASI operations.

USE OF RESERVES

All funding and expenses from the above reserves will be reviewed and recommended for acceptance by the Board of Directors and University President. Expenses will be in accordance with the annual budget as approved by the Board and University President.

Approved by the ASI Board on March 3, 2005:

Melissa Mirkovich, Chair