
UNRESTRICTED FUND FISCAL POLICY

PURPOSE:

The Unrestricted Fund Fiscal Policy outlines the key parameters that will guide prudent fiscal management of the Boise State University Foundation's unrestricted funds to balance budgeting for current spending with maintaining adequate reserves for seasonal or cyclical cash shortfalls and a financial resource base for other future needs. The key parameters are as follows:

POLICY:

- a. **Annual Budget Process:** The Foundation staff will prepare a draft annual budget and review it with the Finance and Audit Committee, the Executive Committee and Board of Directors in April of each year. The draft budget will outline revenue assumptions, identify expenses necessary to support Foundation operations and define the level of funding available to support University initiatives assuming a balanced budget. The revenue assumption related to gift fees will be developed cooperatively by the Foundation and University Advancement staffs. The draft budget will be shared with University Advancement and the President's Office after the Executive Committee meeting in April so they have a clear understanding of the level of funding anticipated to come from the Foundation as University budgets are developed. The Foundation will confirm final funding once the budget is approved by the Board.
- b. **Required Annual Budget Criteria:** The proposed annual budget presented to the Board of Directors each year will meet the following criteria:
 1. Proposed annual budget will not have a deficit balance.
 2. Budget documents will include overall unrestricted cash status.
- c. **University Funding Process:** The annual funding for University initiatives will be transferred to the University quarterly on a pro-rata basis. The transfers will take place prior to the 15th day of the first month of each fiscal quarter (July, October, January, and April). These transfers will be treated as gifts to the University. The University, however, will be responsible for providing the Foundation with an annual report that summarizes how the funds were used for fundraising purposes.

The Foundation recognizes that budgets are based on estimates of future revenue and expenses and that actual results may deviate from expectations. The Foundation reserves the right to reduce funding for University initiatives during the fiscal year if it becomes clear that there are material unfavorable variances.

- d. **Target Reserve:** The Foundation target reserve will consist of an amount equal to the following in unrestricted cash, cash equivalents, and very short-term investments in order to have adequate liquidity to meet future needs:
 1. 1.5 times the current approved annual Foundation operating budget; plus
 2. Calculated value of unfunded Foundation commitments for which the amount and timing of cashflows can be predicted. The value will be calculated as follows: total amount of the commitment divided by the number of years until payment.

The Target Reserve status will be monitored and reported to the Finance and Audit, Investment and Executive Committees quarterly.

- e. **Requests for Exceptions:** Requests for exceptions to the above requirements will be reviewed by the Finance and Audit Committee, Executive Committee, and Board of Directors. This review will take place during consideration of the annual budget, if possible. During the annual budgeting process, requests for

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exceptions from the University will come to the Vice President for University Advancement who will provide them to the Executive Director to include in the annual proposed budget presentation.

This Policy will be reviewed by the Foundation Board of Directors each year to determine whether it will be adjusted in order to better support the achievement of its purpose.