

DSU HERITAGE Foundation

BOARD RESTRICTED ACCOUNTS

The DSU Heritage Foundation has developed a BOARD-RESTRICTED ACCOUNT for certain areas associated with Dickinson State University. The general purpose of the fund is to ensure the long-term financial stability of the individual department or DSU organization. This will position the account to respond to varying economic conditions and changes affecting the department or organization's financial position and the ability to carry out the mission.

DSU Heritage Foundation develops a BOARD-RESTRICTED ACCOUNT to achieve the following objectives:

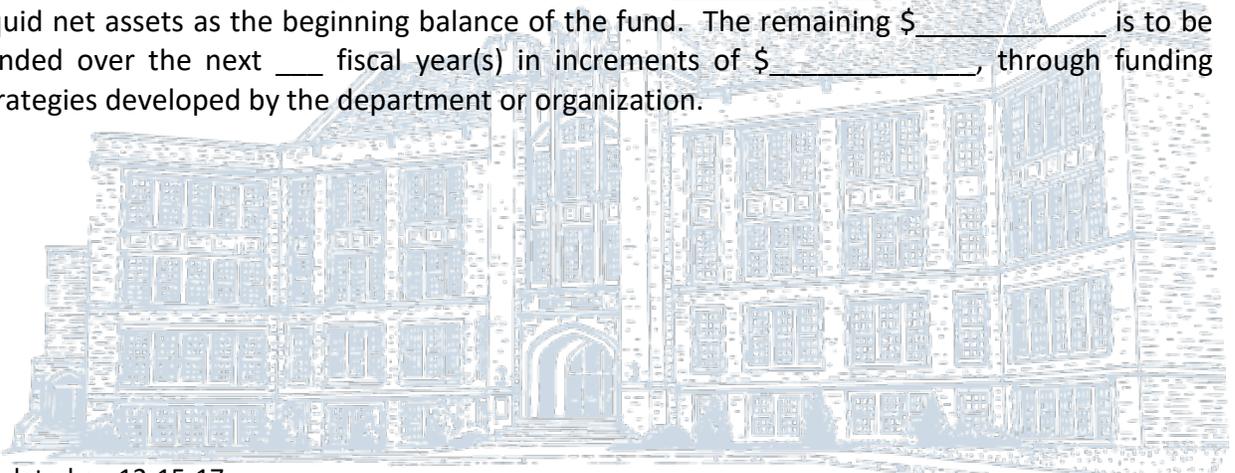
1. To enable the department or organization to sustain operations through delays in payments of committed funding and to accept reimbursable contracts and grants without jeopardizing ongoing operations;
2. To promote confidence in the long-term sustainability of the department or organization by preventing chronic cash flow crises that can diminish its reputation and force its leaders to make expensive short-term, crisis based decisions;

To develop the BOARD RESTRICTED ACCOUNT include such details as:

- The ultimate goal amount for the fund and method/rationale for determining the amount.
- Current reserve fund balance, if any, or amount of existing funds to be designated.
- Planned additions to the reserve using identified money and, if applicable, whether any required matching money is to be designated as part of the reserve fund.
- The timeline and incremental plan for reaching the desired fund amount.

EXAMPLE:

The target amount to be attained and maintained for the _____ BOARD-RESTRICTED ACCOUNT held at the DSU Heritage Foundation is \$_____, representing approximately _____% of annual operating expenses of \$_____. To establish the fund, the department or organization will designate \$_____ of existing accumulated liquid net assets as the beginning balance of the fund. The remaining \$_____ is to be funded over the next ___ fiscal year(s) in increments of \$_____, through funding strategies developed by the department or organization.





Describe terms and use of the fund. Include such details as:

- Who may access the fund?
- What authorization is given or required?
- What communication methods are acceptable?
- How can the fund be used?

EXAMPLE:

The department or organization Director may access up to \$_____ for purposes outlined above. The Director or Chair of the department or organization will notify the Executive Director of the DSU Heritage Foundation in writing, and usage will be acknowledged in writing by the DSU Heritage Foundation Executive Director. E-mail shall be acceptable forms of notification and acknowledgement. If the department or organization decides to produce a plan to pay back the dollars, a schedule of repayment will be supplied.

Management of the BOARD-RESTRICTED ACCOUNT:

The DSU Heritage Foundation abides by the Board Accepted Investment Policy for all investments. The interest from the account is calculated quarterly and dispersed in January of each year.

Authorization of Draw Down from the BOARD-RESTRICTED ACCOUNT:

Define the terms and conditions for drawing down the fund for operating purposes in the case of a financial emergency, including procedures for replenishment if these have been set.

A draw-down from the fund for established purposes identified in "Use of the BOARD-RESTRICTED ACCOUNT" above, must be approved by a majority of the Board, either by a majority of the votes of a quorum present at a regular Board meeting, or by a 2/3 majority of the Board if such vote is conducted by other means. A record of any such action will be maintained and be made a part of the Board meeting minutes.

Responsibilities of the Finance Committee

The Finance Committee will receive reports on the BOARD-RESTRICTED ACCOUNTS at its regular meetings and shall be charged with assuring the funds are invested prudently in accordance with the guidelines stated above and that the organization receives a reasonable rate of return considering the size of the reserve fund, the instruments in which it is invested and other relevant factors. The Executive Director and Treasurer will report the status of the BOARD-RESTRICTED ACCOUNT to the Board as part of the regular Treasurer's report. The Finance Committee will



review the Policy every three years, or sooner if conditions warrant, and put forward any necessary changes for Board approval. The Executive Director will report to the department or organization on a quarterly basis in writing.

Fees and limitations associated with the BOARD-RESTRICTED ACCOUNT:

The DSU Heritage Foundation will apply a 1.5% annual fee toward the account which will be assessed in January of each year. Currently a .5% investment fee will be applied to the account for the investment management fee; the investment institution applies this fee.

All BOARD-RESTRICTED ACCOUNTS are invested according to the DSU Investment Policy and are open to any risks associated to market volatility. These funds are not backed by the DSU Heritage Foundation. If any principle is lost during the investment period, the DSU Heritage Foundation is not liable.

