

SECTION 6. Finance and Investment

6.5 Overdraft Policy

6.5.1 Scope

This policy applies to all Campus Program Accounts (Fund 20), which includes Annual Gift, Alumni, Capital Projects, and Endowment Spending Accounts.

6.5.2 Policy

Overdrafts on University Foundation accounts are allowed only with advance written permission. They are to be the exception and not the rule. The project director and appropriate vice president/dean are responsible for the day-to-day management of these accounts, they should not approve expenditures that exceed the current cash balance. Advance permission to overdraw may be considered under the following terms and conditions:

- Cash flow – regular operating revenue is pending to cover the default, i.e. from an upcoming fundraising event
- Pledged gifts are expected to cover the default.

6.5.3 Approval Process

- a. Overdraft(s) up \$999 require the project director and the appropriate vice president/dean to submit an overdraft request form and receive approval from the University Foundation CEO (CEO), or designee, prior to making expenditures in excess of an account's current cash balance. The approval process requires identification of an alternate University Foundation account with adequate funds/balances to cover the overdraft amount if not paid within 30 calendar days.
- b. Overdraft(s) \$1,000 - \$25,000 require the project director and the appropriate vice president/dean to submit an overdraft request form and receive approval from the CEO, or designee, prior to making expenditures in excess of an account's current cash balance. The approval process requires identification of an alternate University Foundation account with adequate funds/balances to cover the overdraft amount if not paid within 60 calendar days. A one-time short-term loan fee will be assessed at 5% of the approved overdraft amount. If the project balance is not restored to zero or higher after sixty days, a transfer will be made from the alternative source project.
- c. Overdraft(s) in excess of \$25,000 require the project director and the appropriate vice president/dean to request and receive approval from the University Foundation Board of Governors. Terms will be negotiated at that time.

6.5.4 Reporting

The University Foundation CEO or designee will review a monthly report of all projects with negative cash balances for action to cure the overdraft as specified above.

Original Board Approval and Effective Date: June 25, 2020

Date of Last Review: June 23, 2023

The Foundation's mission is to support CSU, Chico's strategic plan by raising, investing, and disbursing funds to fuel the growth and excellence of the University.