

Accounting

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Background and Purpose

As an auxiliary organization of the California State University system, the Associated Students, Incorporated is entrusted with the management and operation of a wide variety of student programs, services, and facilities. Critical to the management of a comprehensive student services program is the effective management of the corporation's financial assets. The primary purpose of

ASI's Policy on Accounting is to prescribe major features of ASI's general accounting system so that resources are accounted for in accordance with policies and objectives established by the CSU Board of Trustees, CSULB administration, the ASI Board of Directors, donors, government agencies, and others.

Policy Statement

It is the policy of the Associated Students, Incorporated that the ASI Business Office will be responsible for the accounting for all ASI financial activity in accordance with Generally Accepted Accounting Principles (GAAP) outlined by the Government Accounting Standards Board (GASB) and regulations of the California State University Office of the Chancellor. Primary responsibility for oversight and management of ASI's accounting system will reside with the Accounting Manager under the supervision of the Director of Administrative Services. .

Who Should Know This Policy

- | | | |
|--|--|---|
| <input checked="" type="checkbox"/> Budget Area Administrators | <input checked="" type="checkbox"/> Elected/Appointed Officers | <input type="checkbox"/> Grant Recipients |
| <input checked="" type="checkbox"/> Management Personnel | <input type="checkbox"/> Program Advisors | <input type="checkbox"/> Staff |
| <input type="checkbox"/> Supervisors | <input type="checkbox"/> Volunteers | |

Definitions

For purposes of this policy, the terms used are defined as follows:

Term	Definition
Accounting	The recording and reporting of financial transactions, including the origination of the transaction, its recognition, processing, and summarization in the financial statements
Accrual basis	Method of accounting that recognizes revenue when earned, rather than when collected. Expenses are recognized when incurred rather than when paid.
Debt instrument	A written promise to repay a debt. Examples include bills, bonds, notes, CDs, commercial paper, and banker's acceptances.
Marketable securities	Stocks and other negotiable instruments which can be easily bought and sold on either listed exchanges or over-the-counter markets.
Net assets	The excess or deficiency of assets over liabilities classified according to the existence or absence of donor-imposed restrictions. There are three classes of net assets: permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. Permanently restricted and temporarily restricted net assets are restricted by the donor and can only be used for the specific purpose intended. Unrestricted net assets are not subject to donor-imposed restrictions but can be designated by a governing board for a specific purpose.

Standards and Procedures

1.0 ASI Funds

ASI funds subject to ASI accounting and control will be any monies received from any ASI funding source including, but not limited to: state and federal appropriations; grants and contracts; mandatory student fees; gifts; and income from ASI operations. Restricted funds will only be used

in accordance with the purposes established by the external source of funds. Unrestricted funds will only be used as designated in the approved Annual Operating Budget as subsequently amended by the Board of Directors.

2.0 Accrual Basis

Associated Students, Incorporated will maintain its accounts on an accrual basis. Revenues will be recorded when earned and expenses will be recorded when a liability is incurred, regardless of the timing of related cash flows.

3.0 Fiscal Year

Associated Students, Incorporated will operate on a fiscal year basis of July 1 through June 30.

4.0 Financial Statements

ASI has chosen to use the reporting model for special purpose governments engaged only in business type activities. Financial statements will be prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP as prescribed by the Governmental Accounting Standards Board.

4.1 Interim Financial Reports

The Business Office will prepare monthly financial reports, which include the following: statement of financial position, statement of cash flows, consolidated income statement, consolidated statement of program operations, and income statements by department comparing budget to actual.

Quarterly financial statements will be reviewed by the Director of Administrative Services and approved by the Executive Director before release. Associated Students, Incorporated will submit to a full scope audit of its year-end financial statements by a qualified public accounting firm (refer to Policy on Audit).

5.0 Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of available resources, unrestricted net assets will be maintained in accordance with the principles of "fund accounting." Resources will be classified for accounting and reporting purposes into fund groups that characterize the sources of revenue and specific activities or objectives. Separate accounts will be maintained for each fund, and transfers between funds will comply with ASI's Policy on Reserves and Fund Balances.

6.0 Investments

Investments in marketable securities with readily determinable fair values and all investments in debt instruments will be recorded at their approximate fair values. Investments in cash equivalents (certificates of deposit, money market shares, etc.) will be recorded at cost at the date of purchase.

7.0 Depreciation Method

Property and equipment, excluding real property and art collections, will be stated at cost and depreciated by the straight line method over estimated useful lives ranging from three to ten years for furniture and fixtures.

Expenditures for maintenance and repairs will be expensed directly to program operations. Betterment and extraordinary repairs will be capitalized.

Due to the likelihood that lease renewal options will be exercised, building improvements to the University Student Union, Soroptimist House, Recycling Center, Child Development Center, and Student Recreation and Wellness Center will be amortized over the expected useful life of the improvement.

Real property and art collections will be recorded at appraised value and updated periodically to account for asset appreciation.

The capitalization threshold for purchased or donated property will be \$5,000 with a useful life longer than 3 years. Donated property will be recorded at estimated or appraised value.

8.0 Encumbrances

Funds will be encumbered when a legally binding obligation in excess of \$1,000 is incurred. Exceptions exist for fixed asset purchases and personal service agreements (refer to Policy on Procurement). Recording of encumbrances will occur only when a valid purchase order has been prepared and entered into the accounting system.

9.0 Accounting System Design

To establish a coding structure that supports financial reporting and decision-making, cost and other data will be designed to support budget area responsibility assignments at the department, division, and final cost objectives level, as necessary.

9.1 Establishment of Control Accounts

In order to perform reconciliations, subsidiary account detail will be aggregated to General Ledger control accounts.

9.2 Use of Contra Accounts

The coding structure will provide for offsetting contra accounts (e.g., allowance for bad debt, accumulated depreciation) to adjust historical cost to current levels for financial reporting purposes.

10.0 Chart of Accounts

Associated Students, Incorporated will utilize account numbers for all general ledger accounts. The account numbers will be formatted in such a way as to readily identify any transaction. At a minimum, account numbers will be coded for account classification (i.e. asset, liability, net assets, revenue, and expense), object of expenditure (line item), organizational unit, and sub-unit (if applicable).

11.0 General Ledger Activity

To ensure that all General Ledger entries are current, accurate, and complete, entries will be made as soon as possible after the underlying accounting event and posted in the same month that the underlying event occurred, as often as possible. The individual designated on the current Signature Authorization Card and/or Delegation of Authority form must authorize each transaction and entry in writing. All entries must be supported by adequate documentation that clearly shows the justification and authorization for the transaction. A complete audit trail will be maintained by the use of reference codes from source documentation to the books of original entry, to the General Ledger, and finally to periodic reporting. Each entry in the accounting system will be reviewed and approved by the Director of Administrative Services or designee. On an automated basis, totals in the books of original entry will be posted to the General Ledger on a daily basis. General Ledger control accounts will be periodically re-totaled based upon any updated posting.

11.1 General Journal Entries

All general journal entries must be supported by Journal Entry forms that have supporting documentation attached and are approved by the authorized budget area representative or Director of Administrative Services. The Accounting Manager will review all journal entries for their numerical sequence and for supporting documentation.

When initializing a repetitive general journal entry, consideration will be given for setting up Recurring Journal entries for such transactions as recording amortizations, fixed monthly income, fixed recurring expenses, and prepaid expenses.

Non-recurring general journal entries, such as for correcting entries, recording accruals and recording non-cash transactions, will be prepared by the Accounting Manager on a monthly basis or as circumstances warrant. All such entries must be approved by the Director of Administrative Services.

12. General Ledger Close-Out

12.1 Trial Balance

To ensure the accuracy of financial records and reports, a trial balance will be prepared monthly to ensure the accuracy of the General Ledger account balances.

12.2 Reconciliation of General Ledger Control Accounts

Reconciliations of General Ledger Control Accounts to the subsidiary ledger will be prepared on a monthly basis. At the end of each month, the Accounting Manager will prepare a trial balance of all General Ledger accounts. Accounting staff will complete reconciliations between the General Ledger control accounts and their respective subsidiary ledgers.

12.3 Period End Closing

Period end closing will be conducted subsequent to completion of all data entry for a specific month. Period-end closing will be completed no later than fifteen working days following the month end. Upon completion of period end closing, financial statements will be generated and distributed.

12.4 Year-End Closing

At fiscal year-end, all income and expense accounts will be closed out. The fiscal year's financial reports will be prepared by the Accounting Manager no later than August 31 and will be subject to examination by an independent auditor in accordance with ASI's Policy on Audits.

13.0 Taxes

The Internal Revenue Service has granted ASI exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. In compliance with the Internal Revenue Code, ASI will file Form 990, Return of Organization Exempt from Income Tax no later than November 15, unless an extension to file has been requested and granted. Annual returns will be made available for public inspection without charge for a minimum of three years after the due date of the return.

ASI will be liable for taxes under the Federal Insurance Contributions Act (FICA) on remuneration of \$100 or more paid to each employee during a calendar year. ASI is not liable for taxes imposed under the Federal Unemployment Tax Act.

13.1 Tax Preparation

The Director of Administrative Services will periodically compare the data requirements of all new tax return forms with ASI reporting capabilities and seek revisions, as appropriate, to its coding structure/chart of accounts in order to report all required tax data.

ASI accounting and payroll staff will maintain a "tickler" system to remind them of required filing due dates for:

- IRS Form W-2 - Wage and Tax Statement
- IRS Form W-3 - Transmittal of Income and Tax Statements
- IRS Form 941 - Employer's Quarterly Federal Tax Return for Federal Income Tax Withheld from Wages and FICA Taxes
- IRS Form 990 - Information Return of Organization Exempt or Claiming Exemption for Income Tax
- IRS Form 990-T - Return for Reporting Unrelated Business Income of Exempt Organizations, if needed
- IRS Form 1099 MISC (also 1099-DIV, 1099-INT, 1099-OID) - U.S. Annual Information Return for Recipients of Miscellaneous Income
- Quarterly and annual state(s) unemployment tax return(s)
- Quarterly State, local, & district sales and use tax filings
- Form 199- California Exempt Organizations annual information return
- Form DE3 - Quarterly California Employee Wage Report

- Form RRF-1 - Registration/Renewal Fee Report.

13.2 Tax Counsel

ASI will retain its certified public accountant to prepare the ASI's annual income returns.

13.3 Approval of Tax Returns

Before submission, all tax returns and the supporting schedules will be reviewed by the Director of Administrative Services and approved by the Executive Director for accuracy and completeness.

Administration

The Director of Administrative Services is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed triennially and revised as needed, unless earlier revisions are necessitated by changes in Generally Accepted Accounting Principles (GAAP), the provisions of the Government Accounting Standards Board (GASB), or regulations of CSULB or the California State University Office of the Chancellor.

Forms

The following forms are to be used in the execution of this policy.

Form Name	Purpose	Responsible Office	Approved By	Timeline for Submission
Delegation of Authority	To identify and provide specimen signatures of those persons authorized to approve financial, contractual, and personnel transactions.	ASI Administrative Services	Executive Director	At or near the beginning of the fiscal year (July 1). Revise anytime signature authority or authorized personnel changes. Form remains in effect until cancelled.
Journal Entry	To record transactions to the general ledger that are not entered through any subsidiary ledger	A.S. Business Office	ASI Director of Administrative Services	Within ten days of the end of the month during which the underlying accounting event occurred
Signature Authorization Card	To identify and provide specimen signatures of those students who authorized to make transactions on an ASI budgetary account	A.S. Business Office	Student Life and Development Advisor	At or near the beginning of the fiscal year (July 1) and revise anytime signature authority changes