
Fund Accounting

Policy Number:	2111
Key Process Area:	Finance
Owner:	VP FA
Current Approved Date:	Sept 22, 2017

POLICY STATEMENT

New Brunswick Community College (NBCC) is required to apply Public Sector Accounting Standards for Government Not-For-Profit Organizations. Accordingly, NBCC will implement Fund Accounting in a manner which is in a consistent manner from year-to-year, and which is consistent with guiding principles.

PURPOSE

Not applicable.

SCOPE AND LIMITATIONS

This policy applies to all financial reporting of the College.

1.0 DEFINITIONS

Cost-Recovery Fund

- an unrestricted fund including the resources (e.g. revenues and expenditures) related to cost recovery or profit-oriented activity including but not limited to bookstores and cafeterias.

Capital Fund

- a restricted fund including those externally-restricted contributions as well as internally-restricted transfers, net assets or fund balances related to the purchase, renovation or major maintenance of physical infrastructure including capital assets related to space as well as furniture and equipment.

Fund Accounting

- comprises the collective accounting procedures resulting in a self-balancing set of accounts for each fund established by legal, contractual, or voluntary actions of an organization. Fund accounting involves an accounting segregation, although not necessarily a physical segregation, of resources.

(Excerpted from Section 4200.02(c) of the Accounting Standards for Not-For-Profit Organizations).

Operating Fund

- an unrestricted fund including the resources (e.g. revenues and expenditures) related to general operations including Cost-Recovery activity.

Restriction

- stipulations imposed that specify how resources must be used. External restrictions are imposed from outside the organization, usually by the contributor of the resources. Internal restrictions are imposed in a formal manner by the organization itself, usually by resolution of the Board of Governors. Restrictions on contributions may only be externally imposed. Net assets or fund balances may be internally or externally restricted. Internally restricted net assets or fund balances are often referred to as reserves or appropriations.

Excerpted from Section 4200.02 (b) of the Accounting Standards for Not-For-Profit Organizations.

2.0 IMPLEMENTATION

This section describes operational processes and is consistent with the policy statement, including critical information required to implement, conform, and maintain the policy.

2.1 Nature of Funds

The College shall implement the following funds in its reporting of financial information, namely:

- Operating (Non-Cost-Recovery)
- Operating (Cost-Recovery)
- Internally-restricted- Contingency
- Internally-restricted-Strategic
- Externally-restricted-Contracts & Agreements (non-research)
- Externally-restricted-Research
- Internally-restricted-Capital
- Externally-restricted-Capital

The excess or deficiency of annual revenues over expenditures of each fund shall be added to the opening net assets or fund balance of the fund each year-end.

2.2 Implementation of Funds

2.2.1 Operating Funds (Cost-Recovery and Non-Cost-Recovery) may be combined for the purposes of certain financial reporting.

2.2.2 Internally-Restricted Funds

- a) Internally-Restricted Funds may be combined for the purposes of certain financial reporting.
- b) Internally-Restricted Funds shall be presented separately in the notes to our financial statements.
- c) Interfund transfers increasing or decreasing Internally-Restricted Funds designated as college-wide Contingency and Strategic Initiative Fund shall be subject to decision of the Senior Executive Team and recommended by the President for approval of the Board.
- d) Interfund transfers increasing or decreasing any other Internally-Restricted Funds shall be subject to decision of the Senior Executive Team and approved by the President.
- e) Negative net asset or fund balances at year-end shall be resolved by an interfund transfer to balance the fund to \$0 in a manner acceptable to the Board.

2.2.3 Externally-Restricted Funds (Contracts & Agreements and Research)

- a) Externally-Restricted Funds may be combined for the purposes of certain financial reporting.
- b) External restrictions shall be supported by documentation provided by budget managers to Team Finance.
- c) Interfund transfers increasing or decreasing Externally-Restricted Funds shall be subject to decision of the Senior Executive Team and approved by the President.

- d) Negative net asset or fund balances at year-end shall be resolved by an interfund transfer to balance the fund to \$0 in a manner acceptable to the Board.

2.2.4 Capital Funds

- a) External restrictions shall be supported by documentation provided by budget managers to Team Finance.
- b) Interfund transfers increasing or decreasing Capital Funds shall be subject to decision of the Senior Executive Team and approved by the President.
- c) Negative net asset or fund balances at year-end shall be resolved by an interfund transfer to balance the fund to \$0 in a manner acceptable to the Board.

3.0 OTHER RELATED DOCUMENTS

Fund Accounting and Internally Restricted Funds Guideline (2111.4794)