

	Gift 400
	Net Assets Released
	Prepared By: Controller's Office
	Approved By: Brian Laffey
	Effective Date: 05/31/2010

<p>Purpose</p> <p>The purpose of the net asset release policy is to define the accounting treatment and reporting requirements for the University's net assets.</p>
<p>Policy</p> <p>The University's policy on accounting for net assets is in accordance with the Financial Accounting Standards Board (FASB), ACS 958 (SFAS No. 116, "Accounting for Contributions Received and Made" and SFAS 117, "Financial Statements for Not-For-Profit Organizations.") The standards require the classification of the fund resources in the Statement of Activities into three net asset classes (permanently restricted, temporarily restricted, and unrestricted) pursuant to any donor-imposed restrictions.</p> <p>The standards require the University to release temporarily restricted net assets once the University has met the restricted purpose.</p>
<p>Definitions</p> <p>Net Asset Balances are created because of donations solicited by specific departments within the university. The American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Not-for-Profit Organizations defines net assets as the excess or deficiency of assets over liabilities classified according to the existence or absence of donor-imposed restrictions.</p> <p>There are three classes of net assets:</p> <ol style="list-style-type: none"> 1. Permanently restricted – are restricted by the donor and can only be used for the specific purpose intended in the agreement with the donor. 2. Temporarily restricted – are also restricted by the donor until a condition stipulated in the agreement is met, and they can only be used for the specific purpose intended in the agreement with the donor. 3. Unrestricted – are not subject to donor-imposed restrictions but can be designated by the governing board of the University for a specific purpose.
<p>Procedures</p> <p>In order for the University to properly account for the release from restrictions of the Temporarily Restricted Net Assets there are three steps that should be followed:</p> <ol style="list-style-type: none"> 1. Determine that the release from restriction is in accordance or fulfills the restrictions imposed by the

donor.

2. Calculate the release from restriction based on the expenses incurred and net assets available.
3. Record entry to release net assets.

Guidelines

ACS 958 (SFAS 116 & 117)

References

NA

Responsibilities

The Controller's Office for net asset release entry and documentation.

Required Forms

NA