Understanding the Balance Sheet

Presented by
San Francisco State University
Auxiliary Business Services
Overview

aka Statement of Financial Position

• Assets
  ▪ Current
  ▪ Long-Term (Fixed)

• Liabilities
  ▪ Current
  ▪ Long-Term

• Net Assets
  ▪ Reserves

A word about Funds
Assets
What they are composed of...

- Cash
- What’s owed to you
- What you own
Assets - current

CASH

These are funds that are readily available to spend

• Checking account
• Change fund
  ▪ cash on hand to make change for cash sales
• Savings
• Investments
  ▪ LAIF
  ▪ Marketable Securities
Assets - current
What’s Owed to you

- Accounts Receivable
  - what your customers have agreed to pay you

- Advances (Cash & Travel)
  - Funds advanced to employees that haven’t yet been redeemed with receipts & Travel Claim

- Pre-paid Expenses
  - money paid out for goods & services that you haven’t received yet
Assets - long term

What you own

Has enduring value beyond one year and a value in excess of $5,000

• Fixed Assets
  ▪ Buildings & Improvements
  ▪ Furniture & Equipment
    Assets are depreciated over time to reflect their declining value

• Less Accumulated Depreciation

• Book Value
Liabilities

Current (payable within one year)

- Accounts Payable (AP)
- Refundable Deposits
- Deferred Income
- Accrued vacation
- Copier Lease/Purchase
Liabilities

Accounts Payable (AP)

Can only be for goods or services already received but not yet paid for...

- Accrued PO’s & Contracts
- Payroll Taxes
- Vendor Invoices
- Unclaimed checks
Liabilities

Refundable Deposits

Deposits paid to you that you will refund to the payee when *and if* pre-specified conditions are met

- Security deposits
- Childcare deposits
Liabilities

Deferred Income

Money received for goods and services you normally provide but have not completed as of the report date

- Tuition received in advance
- Rent received in advance
Liabilities

Accrued Vacation

• Employees are awarded vacation time annually

• They have the option to use it or accumulate for the future

• What they don’t use is accrued. It’s a liability because the employer must pay it to them eventually – either as time off or as a cash settlement.
Liabilities

Long-Term Debt

Portion of debt that will continue past current fiscal year:

- Bond repayment
- Large Notes Payable
- Lease/Purchase Agreements
Net Assets

Assets less Liabilities

• What you have and is owed to you (Assets)

• Less what you owe to other (Liabilities)
  = What’s left over and what remains (Net Assets)
Reserves

Net Assets ‘designated’ for future use

This is a discretionary device used to guarantee that money will be available for select purposes

- Scholarship Endowments
- Contingency
- Debt Service
- Capital Replacement
Funds

Money grouped by where it comes from and how it can be used

- **Unrestricted**
  - **Source:** Student Fees & program revenue *(your own money)*
  - **Use:** Internally defined

- **Temporarily Restricted**
  - **Source:** Grants & Contracts
  - **Use:** Externally defined

- **Campus Programs**
  - Funds held on behalf of others
The End

Thank You!