

University of Pittsburgh

Changes to classification of Entity 04 accounts required by Financial Accounting Standards Board (FASB) Accounting Standards Update – ASU 2016-14

The Financial Accounting Standards Board (FASB) has issued a change in accounting practice for Not-for-Profit Organizations including Colleges and Universities (ASU 2016-14). This change is being made to address “execution of stewardship responsibilities” as well as disclosing the “availability of resources to meet cash needs for general expenditures and liquidity and financial flexibility”¹. We will implement it at the University on October 1, 2017. We have already created new account attributes for all Entity 04 accounts and they have been loaded into PRISM. There is nothing that you need to do in that regard.

The main provision of the new standard requires us to separate true donor restricted funds from non-donor restricted funds. The translation of this to practical terms is that we cannot comingle donor-restricted (DR) and non-donor restricted (UR) funds in one account any longer. Secondly, we will have additional coding for Entity 04 accounts that will aid all of us in identifying more information about the accounts.² Page 2 of this memo lists the three new codes.

We have been working over the past few months to review and code 12,000 existing Entity 04 accounts and have made an initial determination of the restriction level. The codes for all existing accounts have been entered into PRISM.

What Do Departments Need to Do When Requesting a New Entity 04 Gift or Discretionary Accounts?

- Do not comingle donor-restricted and unrestricted funding in one account
- Follow the PARA Instructions issued by the General Accounting Department. These are found on their website. <https://apps.fis.pitt.edu/accountrequest/>

The PRISM Account Request Application (PARA) has been updated to reflect these new accounting rules. The system will be accessible again on September 25, 2017. Thank you in advance for your participation in implementing the ASU 2016-14 required changes. If you should have any questions please contact the General Accounting Department.

Thank you.

Office of Controller

¹ See FASB ASU Topic 958 August 2016 for more details.

² These codes will be available in the data warehouse.

I. Entity 04 Account Type

Account Type			
CODE	DESCRIPTION	SUB-CATEGORY CODE (based on existing Fund Type of the Endowment Principal Account)	SUB-CATEGORY DESC
1	Endowment Earnings	07 08 09 10 11	Annuity and Life Trusts True Endowment Designated Quasi Restricted Quasi Endowment Held By Others
2	Gifts		NA
3	RDF		NA
8	Campus of the Future		NA
9	Other		NA
0	Not applicable		NA

II. Restriction Level

Restriction Level	
CODE	DESCRIPTION
DR	Donor-Restricted
UR	Unrestricted

III. Finance Purpose (for central accounting use only)

Finance Purpose	
Code	Description
AS	Academic Support (Specific Department)
AT	Annuity Trust
FL	Fellowships
FS	Faculty Salaries
GA	Gift Annuity
GU	General & Undesignated
IN	Instruction or Lectureship
IP	Insurance Policies
IS	Institutional Support
LI	Library
PA	Prizes & Awards
PF	Professorships
PI	Pooled Income
PS	Public Service
RE	Research
SL	Scholarships
SS	Student Services
UT	UniTrust
NA	Not Applicable