

Prepaid Expenses

Prepaid expenses are items that are paid during the current year but will not be received/services rendered until the next fiscal year. Do not future date the invoice in Concur. Please use an expense account code when processing in Concur.

UA Prepaid Expenses:

UA Pcard Transactions and Employee Reimbursements: No prepaid expense will be recognized. Transactions for conferences held in the next fiscal year will be expensed and charged to budget during the year the transaction is incurred.

UA Concur Invoices: Accounts Payable and Financial Accounting & Reporting will review large dollar items (greater than \$25,000) – insurance, software, subscriptions and charge appropriately. Contact Candace Holliday (cholliday@fa.ua.edu) if you have questions.

Foundation Prepaid Expenses:

Foundation Pcard Transactions and Employee Reimbursements: Required for items greater than \$5,000. Foundation accountants will review and charge appropriately.

Foundation Concur Invoices: Required for items greater than \$5,000. Foundation accountants will review and charge appropriately.

Foundation Accountant contacts:

Alumni and Law School Foundation: Monica Linebarger (mlinebarger@fa.ua.edu)

Capstone Foundation: Starr Deas (sdeas@fa.ua.edu)

Crimson Tide Foundation: Haley Glover (hgllover@fa.ua.edu)

1831 Foundation: Tabitha Lee (tilee@fa.ua.edu)

*During the year-end closing period, pcard transactions will be separated to the appropriate fiscal year by swipe date/transaction date.

**There will be no fiscal year indicator in Concur.

Overview

1. In accordance with generally accepted accounting principles, The University of Alabama and its Foundations should report transactions in the proper fiscal period. For that reason, expenses are recorded in the period when goods are received and/or services are rendered. The University of Alabama, Capstone Foundation and 1831 Foundation fiscal years run from October 1 to September 30. Alumni Association, Crimson Tide Foundation, Donor Advised Fund and Law School Foundation fiscal years run from July 1 to June 30.

2. Goods and/or services received on or before September 30 (June 30 for Alumni, CTF, DAF and LSF) should be recorded as an expense in the fiscal year ended September 30 (June 30 for Alumni, CTF, DAF and LSF). If they are received after September 30 (June 30 for Alumni, CTF, DAF and LSF), they will be recorded in the new fiscal year.
3. Prepaid adjustments are intended to ensure that the annual financial statements present fairly, in all material respects, the financial results for the year.

Prepaid Expense

1. Items over \$25,000 for UA and over \$5,000 for CTF, Alumni, Capstone, DAF, 1831 and LSF that are paid during the current fiscal year, but will not be received until the next fiscal year will be considered prepaid expenses.
2. Prepaid expenses for purchase orders may require a special request of Financial Accounting and Reporting.
3. Examples of Prepaid Expenses:
 - Advance travel payments for trips to be taken after September 30 (June 30 for Alumni, CTF, DAF and LSF).
 - Subscriptions or membership fees that begin in the next fiscal year.
 - Maintenance fees or contracts and software licenses with a term date beginning after September 30 (June 30 for Alumni, CTF, DAF and LSF).

Summary of Responsibilities:

Departmental users:

- Be sure to use the expense account you would normally enter in Concur (**do not use prepaid expense**). Please note in the Detail/Comments section, the report header and/or backup documentation the appropriate fiscal year to be charged. Do not future date the invoice date in Concur.

Accounts Payable/P-Card Services:

- Review the information in the expense report/invoice and notify Financial Accounting of UA items greater than \$25,000 that should be moved to prepaid expense.

Financial Accounting & Reporting:

- Foundation accountants will review Concur documentation and note items that need to be moved to prepaid. AP will contact Financial Accounting regarding UA items to be moved to prepaid. Financial Accounting will also run reports to check for prepaid expenses. Reverse the current year expense and record to prepaid account code (107101) in the current year. In the new fiscal year, reverse the prepaid and record the expense originally charged.