

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 (7XXXXX) when processing in Concur.

UA Prepaid Expenses:

UA P-card 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 maintenance, subscriptions (non-software), etc. and charge appropriately. *See below for guidance regarding software license subscriptions.* Contact Candace Holliday (mccra005@ua.edu) if you have questions.

Foundation Prepaid Expenses:

Foundation P-card 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 Association and Law School Foundation: Monica Linebarger (mlinebarger@ua.edu)

Capstone Foundation: Starr Deas (msdeas@ua.edu)

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

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

UA Research Foundation: Betsy Jarnigan (bljarnigan@ua.edu)

*During the year-end closing period, P-card 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, 1831 Foundation, and UA Research 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 (non-software) or membership fees that begin in the next fiscal year.
 - Maintenance fees or contracts with a term date after September 30 (June 30 for Alumni, CTF, DAF and LSF).
 - Please note software subscriptions will be reviewed by the respective UA/Foundation accountant and recorded per applicable FASB/GASB standards. *Software subscriptions WILL NOT be recorded as a prepaid asset but rather as capital asset/liability.* Please record software subscriptions to the appropriate expense account. See link for further guidance.
<https://financialaccounting.ua.edu/wp-content/uploads/2024/02/Software-Account-Codes-Explained.pdf>

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 & Reporting 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. Financial Accounting & Reporting will run reports to check for prepaid expenses. A/P will contact Financial Accounting & Reporting regarding UA items to be moved to prepaid. 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.

Updated by Candace Holliday, July 2026