

# Chapter 13: Net Assets & Fund Balance Carryover

This chapter covers Net Assets and Fund Balance Carryover. In this chapter you will learn:

- The definition of a net asset balance and how these balances are treated from fiscal year to fiscal year.
- How to identify fund balances in BW reports during reconciliation.
- Which Commitment Items and G/L accounts are used for net asset opening balances from fiscal year to fiscal year.
- How net assets were accounted for during conversion to SAP.

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## Net Asset and Fund Balance Carry Forward Overview

A net asset is an accounting term used to describe an organization's equity in assets less liabilities. The Johns Hopkins enterprise operates on a fiscal year that runs from July 1st to June 30th. At the end of the each fiscal year, depending on the fund type (1st two digits of fund), non-sponsored cost objects are handled in one of two ways:

- Non-sponsored cost objects defined as multi-year in SAP use the net asset balance remaining at end of fiscal year as the beginning balance for the new fiscal year. In essence, the remaining balance is carried forward. These include all fund types *except* 10, 11, and 12. The most commonly used are:
  - Endowment income accounts
  - Gift accounts
  - Discretionary accounts
- Non-Sponsored cost objects defined as general operating funds are closed out at the end of each fiscal year, or 'rolled up' to a higher level fund, so that the account begins with a zero balance for the new fiscal year. Fund types that will reflect this roll up are:
  - General Operating Funds
  - Clinical & Health Services Funds
  - Auxiliary Enterprise Funds

## Display of Net Assets in BW

### SAP Multi Year Cost Object

Display 13-1, below, is an example of a multi-year cost object in SAP. We know this because it is a 13 (discretionary) fund type. The end of year balance at FY07 becomes the opening balance for FY08. The opening balance is reflected at the Non-Sponsored Financial Summary level, and not at the detail level.

Non Sponsored - Financial Summary										
Toggle Nav Block   Variable Screen   Printing   Bookmark   No. of Rows   No. of Columns   EMail   New Window   Exceptions/Conditions										
Fund	1311568100									
Fund Type	KSAS FAC BANKING									
	Designated/Discretionary Fund									
Funded Program	80015093									
Funds Center										
Pers.Resp.Name										
Business Area	115									
	KRIEGER SCH. OF ARTS & SCIENCE									
Commitment Item		JUL 2007								
		Current -		JUL 2007						
		Revenues/		Revenues/						
		Expenditures		Expenditures						
		Total		Total						
		2008		2008						
		Commitments		Commitments						
		Tot Recog/		Tot Recog/						
		Committed		Committed						
		Unrecog/Uncom		Unrecog/Uncom						
		Bdgt Balance		Bdgt Balance						
		Ending		Ending						
		Balance		Balance						
		\$		\$						
399991	FUND BAL C/F UR	(920.69)								(920.69)
Overall Result		(920.69)								(920.69)

In the case of multi year cost objects in SAP, the ending balance for the prior fiscal year (FY07) becomes the beginning balance for the new fiscal year (FY08). Notice fund type 13 (Designated/ Discretionary).

Display 13-1. Beginning balance for FY08

The FY08 opening balance is posted with the commitment item 399991. Users will note that today only Commitment Items 399991, 399992 and 399993 are used for fund balance carry forwards. The GL's used are 311999 (URNA - Unrestricted Net Assets), 312999 (TRNA - Temporarily Restricted Net Assets), and 313999 (PRNA - Permanently Restricted Net Assets).

Once you have reviewed the opening balance, you can continue to reconcile accounts with the Non-Sponsored Financial Detail reports. The Financial Summary report can be run for a funds center or at the funded program level (8 digit account number beginning with 8).

### General Operating Funds Accounts

With General Operating Funds, instead of carrying the remaining balance forward, these cost objects are zeroed out at the end of each fiscal year. In other words, any remaining balance is 'rolled up' to a higher level fund, or depending on the Business Area, may reflect an actual posting of funds to zero out the account. Display 13-2 below reflects a '10' fund account with an FM Roll Up.

Data Analysis Graphical display Info										
Non Sponsored - Financial Summary										
Toggle Nav Block Variable Screen Printing Bookmark No. of Rows No. of Columns EMail New Window Exceptions/Conditions										
Fund	1011522000									
Fund Type	KSAS GF FRB									
	General Operating Fund.									
Funded Program	80018089									
Funds Center										
Pers.Resp.Name										
Business Area	115									
	KRIEGER SCH. OF ARTS & SCIENCE									
		JUL 2011								
		2012	Current	-	JUL 2011	Total	2012	Tot	Unrecog/Uncom	Ending
		Opening	Budget	Revenues/	Revenues/	YTD	Commitments	Recog/	Bdgt Balance	Balance
		Balance		Expenditures	Expenditures			Committed		
Commitment Item		\$								\$
311897	URNA FM ROLLUP	(505.02)								(505.02)
399991	FUND BAL C/F UR	505.02								505.02
Overall Result		0.00								0.00

Display 13-2. Fund Type 10 - Displaying FM Roll Up

## Balances Converted to SAP

At the time of SAP conversion, 12/31/06, the enterprise was already 6 months into fiscal year 2007 (FY07). Therefore, at conversion, six months of balance sheet activity was converted on non-sponsored accounts, CUFS postings from 7/1/06 through 12/31/06.

Although all FY07 posting activity through 12/31/06 had been converted, these CUFS balances had been converted to the Financial Accounting module in SAP only, and were not reflected at a cost object level leaving users of the Funds Management (FM) module to access the legacy system for this information.

To alleviate this confusion and allow divisions to easily see beginning net asset balances, Z table conversion entries were created and posted by General Accounting as a one-time journal entry of the FY06 net asset balances. This transaction used GL's 311897, 311898, or 311899. The net asset fund balance carryover was done for legacy funds 010-090.

### Example of a Net Asset Balance Transfer from CUFS to SAP

The example below shows an ending balance from screen 2 in AINQ.

OBJT/ RSRC	Line Description	Current Budget	YTD Revenues
a. Revenues:			
6330	MISC REVENUE TRANSFER 1		1,995
****	Total Revenues		1,995
b. Summary of Account Balances:			
	Beginning Balance		0
	Net Changes: Revenues		
	less Expenditures		1,995
	Current Balance		1,995

**Display 13-3.** Net asset balance prior to SAP Conversion.

The balance of \$1995.00 shown in Display 13-3 became the beginning fund balance in SAP on the BW report once General Accounting made the journal transfer. To view the BW report, use the Non-Sponsored Financial Summary report.

The Non-Sponsored Financial Summary in Display 13-4 displays the 2007 opening balance from CUFS, which reflects Commitment Item 399899. If you add drill down of the G/L to the rows of this report, you will see the G/L 311899, which is the Net Asset Fund Balance Carryover. Display 13-4 is a typical example of the journal entry made by General Accounting in FY07 to capture the FY06 net asset balances from CUFS.



