



# Administration & Finance

## Policy & Procedure

[www.umb.edu/administration/finance/index.html](http://www.umb.edu/administration/finance/index.html)

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**Issuing Office:** Controller's Office

**Policy Number:** FY15-CON-006-00

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### WORKING DRAFT FOR FY'15

**Policy Name:** Guidelines/Policy for Revenue Generating Activities at UMass Boston

**Original Date Issued:** August 11, 2014

**Revision #:**

**Last Update:**

**Purpose of Policy:** The purpose of this guideline/policy is to identify the activities, and educate and assist departments to manage revenue generating activities within the university financial reporting requirements to ensure proper classification on the University's financial statements.

**Applicable to:** All departments @ UMass Boston

**Guidelines/Policy:** These guidelines have been developed to define the activities at UMass Boston that generate revenue. There are five (5) categories in which operating revenue is categorized: Tuition and Fees, Grants & Contracts, Educational Sales and Service (ESS), Auxiliary Enterprises and Other Operating Revenue. This guideline is focused on reviewing the ESS revenues, to more efficiently integrate them into the financial reporting and management practices, thus ensuring proper classification on the University's financial statements, and support of the campus planning processes.

Guidelines:

1. Executive and other professional programs are considered tuition and fees, and must be billed through the Bursar's Office. Tuition and fees must be approved annually through the process coordinated by the Budget Office. Revenue is deposited in the university GOF and expense budget authorizations are provided in the department GOF.



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2. Conferences/workshops defined as one-time events/year are considered incidental to the mission of the University; revenue and expenses must flow through ESS. Both revenue and expenses must be in the same ESS chartfield. Grant funded conferences are processed through ORSP using project grant accounts.

3. All charitable donations/gifts must be coordinated and processed through University Advancement (UA). Departments must work with UA prior to any event planning which encompasses a charitable donation. Any revenue with a charitable component must be forwarded to UA and deposited by UA.

4. All ticket sales revenue that do not include a donation/gift and are intended to defray event expenses are considered incidental to the mission of the University; revenue and expenses may continue to flow through ESS fund. Both revenue and expenses are in the same ESS chartfield.

5. Miscellaneous revenue collected from non-UMass Boston students, such as testing fees, are considered incidental to the mission of the University; revenue and expenses may continue to flow through Educational Sales and Service fund. Both revenue and expenses are in the same ESS chartfield.

6. Sales of books, pamphlets and other items are considered incidental to the mission of the University; revenue and expenses may continue to flow through Educational Sales and Service fund. Both revenue and expenses are in the same ESS chartfield. .

7. Recurring space rental income of any UMass Boston owned or leased property is considered auxiliary revenue. There are auxiliary funds for this purpose.

8. Grant and Contract agreements bringing revenues in exchange for sponsored research, training or educational services on behalf of UMass Boston and a third party must be approved by the Office of Research and Sponsored Programs (ORSP). Under very limited certain circumstances, and only with ORSP's approval, some grant revenues and matching expenses may be allocated/expensed in an ESS fund.

9. All compensation and payments for services to UMass Boston employees supporting ESS activities must follow HR policy and be processed through payroll.



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These guidelines are based on the National Association of College and University Business Office's (NACUBO) Financial, Accounting and Reporting Manual (FARM).

### **Procedures:**

During FY'15, managers in Administration and Finance, University Advancement and Office of Research and Sponsored Programs will reach out to members of applicable units to review current activity in the Educational Sales and Service (ESS) fund within their departments. These activities were identified and reviewed as part of the ESS Survey conducted in the Spring, 2014. The purpose of this review is to assist departments to properly classify revenue and expenditures.

All new revenue generating activities must follow these guidelines.

### **Definitions:**

From NACUBO'S Financial, Accounting and Reporting Manual

#### 365 Sales and Services

This revenue source category includes sales and services of educational activities, auxiliary enterprises, and hospitals.

365.1 Sales and Services of Educational Activities. The sales and services of educational activities category includes:

- Revenues that are related incidentally to the conduct of instruction, research, public service, and
- Revenues of activities that exist to provide instructional and laboratory experience for students and that incidentally create goods and services that may be sold to students, faculty, staff and the general public. Sales of such items are recorded as operating revenues.

Examples of educational activities include film rentals, sales of scientific and literacy publications, testing services, and sales of products and services of dairy creameries, food technology divisions, poultry farms, and health clinics (apart from health services) that are not part of a hospital. Revenues generated by hospitals (including health clinics that are a part thereof) should be classified as sales and services of hospitals.

If sales and services to students, faculty, or staff is the purpose of an activity, rather than training or instruction, the revenue should be classified as sales and services of auxiliary enterprises or hospitals, as appropriate.



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Institutions should not take the revenues received from sales and services of educational departments to external parties and offset them against departmental expenses.

**365.2 Sales and Services of Auxiliary Enterprises.** An auxiliary enterprise is an entity that exists predominantly to furnish goods or services to students, faculty, or staff, and that charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The general public may be served incidentally by some auxiliary enterprises.

Auxiliary enterprises include residence halls, food services, intercollegiate athletics (if essentially self-supporting), college unions, college stores, and services such as copy centers, day-care centers, barbershops, beauty parlors, and movie theaters. Even though they may serve students and faculty, hospitals are classified separately because of their size and relative financial importance.

Revenues classified in this category are limited to those derived directly from the operation of auxiliary enterprises. Revenues from gifts, grants, or endowment income designated for auxiliary enterprises should be reported under their respective source categories.

Institutions may grant financial aid to offset the cost of auxiliary enterprise services, such as room, board, or books. Some of this may be reported as an allowance against auxiliary enterprise revenue and some aid may be reported as student aid expense.

**Oversight Department:** Controller's Office.

**Responsible Party within Department:** Controller

**Monitoring:** There will be an annual review of the ESS fund to ensure that all activity relates to educational sales and service. This review will be jointly conducted by the Controller's Office, Office of Budget and Financial Planning, University Advancement and the Office of Research and Sponsored Projects.

This policy will be reviewed and updated for FY'16.

**Authority:**

National Association of College and University Business Offices (NACUBO) Financial, Accounting and Reporting Manual (FARM)

Section 365 Sales and Service

Subsection 365.1 Sales and Services of Educational Activities

Subsection 365.2 Sales and Services of Auxiliary Enterprises

**Related Documents:** None listed