Hello and welcome to Part 2 of the Trustee Student Organization Online Training. In this module, we will be providing a more in depth overview to Stewardship of Trustee Assets, particularly financial basics and budgeting. The basics of stewardship of assets ensures that your Organization effectively uses resources to reflect the organization’s mission and purpose, Make conscious efforts to utilize financial assets and inventory in an innovative and responsible way and adheres to University and State policies and procedures regarding expenditures, deposits, contracts, etc. This is the responsibility of the entire organization, and not just the Treasurer, which is why this training is required of all Tier III Organization officers.
In this module, we’re going to cover some basics of financial literacy, Assets which includes Non-cash assets, like inventory and equipment with a lifespan over a year as well as Cash Assets; the Chart of Accounts that each Tier III organization uses to track their transactions, and your Organization’s Operating Budget creation and approval process.
We know that many of you joined your organizations because you wanted to write for the paper, advocate for your fellow students, or take photographs at sporting events. We recognize that not all of you are accounting or finance majors. And so while you are entrusted with a significant amount of money and resources to use on behalf of your constituents, we know that for many of you this is a wholly new and unique responsibility. We want to try and start with just a quick rundown of terms so everyone is on the same page.
The foundation of being able to be fiscally responsible is keeping track of your financial information which is considered accounting. To be more specific, accounting is the action or process of measuring, recording and reporting financial information. An aspect of accounting is accounts which are used to help describe various statuses or activities in terms of dollars. For example, your organization may have an account for any expenses within the University (called a Kuali or KFS account).
Financial Literacy
FISCAL YEAR

- One-year period
- Differs depending on the company, industry, government, etc.
- Tier III Fiscal Year: July 1 – June 30

A fiscal year is a one-year period that organizations use for financial reporting and budgeting. Fiscal years are not the same for every company or organization. UConn Tier III Organizations operate on the basis of a Fiscal Year July 1 - June 30. For example, FY22 will begin on July 1st and end on June 30th 2023. so during your current term in office, it will be FY23.
Financial Literacy
Operating Budget, Actuals, & Budget Projections

- Operating Budget: Estimate of revenues and expenses, short-term
- Actuals: The actual revenues and expenses
- Budget Projections: Estimate of revenues and expenses, long-term

To understand where your organization financially stands, it’s important to understand the difference between operating budgets, actuals, and budget projections.

Operating budgets are an estimate of the revenues and expenses for your organization for the coming/current fiscal year – it is important to remember that an operating budget is only a projection. This is different from the actuals.

Actuals are the actual revenues received or expenses paid for your organization for a period time that has already passed.

And, budget projections are an estimate of revenue and expenses for your organization for fiscal years beyond the coming/current. Operating budgets focus on the short-term plans, whereas budget projections focus on the long-term plans.
Financial Literacy
TRANSACTION

- An economic event that is recorded for accounting purposes
- Exchange of goods, services, or money

Your organization will likely make many transactions to operate. A transaction an economic event that is recorded for accounting purposes because transactions impact accounts. A few common transactions you may encounter in your organization might be purchasing new goods such as office supplies, for example. Or, paying employee wages.
Let’s now talk about a few other terms that you might encounter: assets, liabilities, and equity.

• Your organization has many resources with economic value that can be measured in dollars that you own or control. These resources are considered to be Assets. For the purposes of this training, you can think of assets as the sum of inventory plus cash.

• Next, liabilities are payables, the bills that your organization owes but has not yet paid. An example of a liability may be employee wages that are owed for the pay period but have not yet been paid.

• Equity is defined as net assets, which is the value of your organization’s assets after payment of all bills. A simple way to think of equity for the purposes of this training is Assets minus Liabilities.

• Lastly, your organizations are encouraged and likely already use Quickbooks which is an accounting software. Quickbooks utilizes a method called double entry bookkeeping which is an accounting method required by the State Comptroller’s manual in which recording debits and credits results in assets equaling the sum of liabilities plus equity. This may sound confusing, but don’t fret! Your organization may already have a staff member supporting you that is well-versed in Quickbooks. And the TSOS financial team is always available to answer any questions you may have and to provide in depth training to our treasurers and any other student leader who wants it.
Now that we have defined some common language, let’s talk more specifically about how this applies to your organization. First, we’ll discuss your organization’s assets. Remember that assets are the Resources of the Organization that can be measured in dollars (Inventory + Cash). Student Leaders of Trustee Organizations are given the responsibility to efficiently use these assets for the optimal benefit of their constituents through the unique missions, services, and initiatives. Trustee Assets must be used in compliance with TSOS policy, university and state regulations.
As discussed previously, assets are the sum of inventory plus cash. For Trustee organizations, inventory is broken down into capital, which are items that cost the organization $1000 or more, and controllable inventory which has a cost to the organization below $1000. Cash is the account balance of your Organization’s bank account. Let’s dive into each of these a bit more.
Starting with inventory. When it comes to inventory, we’re concerned with security, tracking, and annual verification of the Organization’s inventory.
State regulations hold Trustee Organizations accountable for the security of their inventory which means securing it against loss, theft or damage. Not all inventory requires the same type of security. For example, a plain old file cabinet is unlikely to be of interest for a thief and nor could it be easily broken. However, an expensive camera is a theft risk and more easily broken. Thus, the file cabinet would likely be sitting in your office where the camera is likely to be under lock and key requiring an officer or two to sign it out. Further, Trustee Organizations must utilize their inventory for their intended purpose to avoid liability due to risk of injury and damage and minimize loss of any warranty. They should retain original paperwork, track warrantees and follow manufacturer recommendations for maintenance and repair of equipment and supplies.
Tracking Inventory
• Upon Delivery/receipt, added item to one of the TSOS Control Forms (>\$1K or < \$1K)

• TSOS Oversight Required when:
  • Accepting a donation of Inventory
  • Surplusing outdated or broken inventory – CANNOT DISCARD
  • Donating or selling inventory
  • Inventory is discovered damaged or missing

State regulations hold Trustee Organizations accountable for tracking inventory, within Organizations, this responsibility is typically assigned to the Treasurer (or equivalent position). Upon delivery and prior to use, inventory items should be added to one of the Organization’s two inventory tracking forms based on initial cost. Inventory must only be used to benefit the constituents of the Organization and should not be used the personal benefit of any individual(s) or department(s) nor used for any purpose that is illegal or in violation of any state or University policy.

Trustee Organizations must involve TSOS should an entity want to make a donation of any inventory or the Organization wants to remove any inventory because it is no longer of value to the organization. The overwhelming majority of inventory leaving Trustee Organizations utilizes the University Surplus process even if the Organization feels it beyond the point it would have any value to any other entity. University personnel will make that evaluation and decide if it needs to be discarded or put into the warehouse. Donation or selling inventory requires greater scrutiny and TSOS will work with Organizations who are considering one of these options. If the organization discovers equipment damaged or missing, they must notify TSOS immediately for required action.
State regulations require that Trustee Organizations physically verify their actual inventory in comparison to their inventory tracking records. This is typically done by the President, but must be done by a different member than is responsible for the recordkeeping (which is usually the Treasurer). Consult your organization’s governing documents for the specifics. TSOS requires that this annual inventory be done at transition by an outgoing and incoming officer, so typically late April or early May. This is essentially a transfer of stewardship of the inventory. The inventory records used for the annual verification are signed and dated by both officers and provided to TSOS for documentation to the state. Organizations should verify inventory more susceptible to theft or damage more frequently.
So if the first part of your assets was inventory, the second part is the cash on hand for your organization. These cash assets are recorded in various accounts that your organization manages. Remember from earlier that an account describes various statuses or activities in terms of dollars.
Trustee Organizations manage 3 different kinds of accounts in their work:

Bank Account for Cash Assets:
- Storrs Trustee Orgs have their own unique accounts with Student Activities Business Services (SABS)
- Regional Trustee Orgs have their own accounts with local banks

Chart of Accounts:
- Index of all the financial accounts in the Organization’s General Ledger
- Used to define each class of items for which money is spent or received
- Allows for the Organization to aggregate information into a digestible financial statement

Kuali or KFS Accounts:
- Almost all Trustee Orgs have their own unique KFS Accounts which have charges that become payables
- the University pays many things on behalf of the Trustee Orgs-
- Payroll, Mail, Phone, Purchases using the University System including Husky Buy and ProCard
- and University Services such as Dining, Security, A/V, Storage, etc
- Some Revenues also come into Org KFS Accounts-
- Internal Billing for Departments for Org Services, Market
Place Revenues, Credits for Revenues, Credits for mistaken charges and Credits for returned merchandise

as a result, Orgs must pay the university back on a monthly basis “KFS Bill” “University Bill” or “Monthly Bill”

Any easy way to think about these different types of accounts is to think about them in terms of your own personal finances. Your bank account has your balance in it (that's like the tier III SABS bank account). Your credit card statement is like the Kuali account. you've charged a whole bunch of things, and hopefully accounted for it in your budget, but you have to also go through it each month, review it for accuracy and then actually pay it out of your bank account. Your budget, the one you keep at home to track your spending in certain categories (food, utilities, insurance, etc) is like your chart of accounts. people might categorize things differently on their chart of accounts...for example, is dining out part of food or entertainment? it's important that the organization have an understanding of how things were budgeted in the past so they can understand previous years budgets. The most important to understand is the chart of accounts, so we’ll go through that now in more detail.
Let’s spend more time specifically with the Chart of Accounts. The chart of accounts used by Trustee Organizations is also used by Tier II registered student organizations at the Storrs campus that have an account at the Student Activities Business Services Bank. It was created to help track transactions for organizations and provide information regarding organization spending that can then be supplied to constituents and the University, particularly through the Student Services and Activity Fee Advisory Committee review, which will be outlined in a later module.

It is important that your org be consistent in its use of the Chart of Accounts, not only in a single fiscal year but across fiscal years. You may have heard that Accounting is an Art and not a Science. The use of a chart of accounts is one area where there could be a couple of “right ways” to categorize a transaction.

The full chart of accounts for income and expenses can be found on the trustee org support website.

Through the next few slides, we’re going to cover only a few of the line items in the chart of accounts in more detail. We’ve chosen the items that are most often misused or mixed up in organizations.
<table>
<thead>
<tr>
<th>No.</th>
<th>Account Name</th>
<th>Trustee Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>501</td>
<td>Donations</td>
<td>People or entities may choose to donate money to Trustee Organizations. Should not be included in budget.</td>
</tr>
<tr>
<td>512</td>
<td>Advertising Revenue</td>
<td>Advertising in a newspaper, magazine, radio, yearbook or program. Budget conservatively.</td>
</tr>
<tr>
<td>516</td>
<td>Co-Sponsorships Revenue</td>
<td>Your org accepts money from another entity to fund a collaborative event. Should not be included in budget.</td>
</tr>
<tr>
<td>520-4</td>
<td>Various other Revenues</td>
<td>Your org may take in revenue as a portion of an expense like admissions, food, merchandise, participation and services. Typically not budgeted due to the unpredictable volume.</td>
</tr>
<tr>
<td>540</td>
<td>Business Taxes Revenue</td>
<td>Sales Tax Revenue Collected (Nutmeg Only) Budget conservatively.</td>
</tr>
<tr>
<td>546</td>
<td>Interest</td>
<td>Interest is related to fund balance and interest rates. Budget conservatively.</td>
</tr>
<tr>
<td>547</td>
<td>Student Fees Revenue</td>
<td>Main Revenue Source for Trustee Organizations. TSOS provides conservative estimate.</td>
</tr>
</tbody>
</table>

This is a portion of the Income/Revenue section of the Chart of Accounts. This is where you would report money coming in to the organization from outside sources.

Click - For example #512, Advertising Revenue. Some organizations collect revenue by selling advertisements in the paper, on websites, or in productions. We advise you, when outlining your annual Organizational Budget, to budget conservatively here, meaning round down to an amount you are certain you will receive. Hopefully, through initiatives and actions,
you’ll earn more, but you don’t want to budget for and thus be dependent on that initial estimate.

CLICK #520-4 details categories for an Organization collecting revenue for products and/or services. Use care in using these line items as charging the students that pay your fee will draw added scrutiny from those reviewing your budgets.

There are other revenue categories in the general chart of accounts that are not appropriate for Tier III Use such as: Benefit Fundraiser Donations, Dues, Vendor Commissions and Contractual Services (Both for Fundraising), Penalties and Fines, Miscellaneous and Prior Year Revenue.
Here is a portion of the Expense section of the Chart of Accounts.

CLICK - Expenditures for Gifts (#603) and Organization Refreshments (#608.1) tend to draw added scrutiny so ensure you spend conservatively and have clear and comprehensive justifications for your transactions in these line items.

CLICK - Promotional Items (#607) are utilized to bring the attention of your constituents to how you serve them through your mission.
<table>
<thead>
<tr>
<th>No.</th>
<th>Account Name</th>
<th>Trustee Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>610.1</td>
<td>Supplies &amp; Materials Organization</td>
<td>Payment for supplies/materials, including tax/shipping for general use; anticipated to be used up within a year, not appropriate for inventory</td>
</tr>
<tr>
<td>610.2</td>
<td>Supplies &amp; Materials Events/Programs</td>
<td>Payment for supplies/materials, including tax/shipping for a specific event or program; anticipated to be used up within a year, not appropriate for inventory</td>
</tr>
<tr>
<td>611</td>
<td>Telephone</td>
<td>Payment for any kind of telecommunications</td>
</tr>
<tr>
<td>612</td>
<td>Advertising</td>
<td>Payment for an advertising service</td>
</tr>
<tr>
<td>613</td>
<td>Awards and Prizes</td>
<td>Payment for an award or prize where a winner results from a drawing or selection process</td>
</tr>
<tr>
<td>615.1</td>
<td>Contractual Services Organization</td>
<td>Payment for a service provided to the organization in general, by a person or vendor by agreement</td>
</tr>
<tr>
<td>615.2</td>
<td>Contractual Services Events/Programs</td>
<td>Payment for a service provided for an organization event/program, by a person or vendor by agreement</td>
</tr>
<tr>
<td>617</td>
<td>Cost of Product/Service Sold</td>
<td>Payment for refreshments sold including tax and shipping to the org</td>
</tr>
<tr>
<td>622.1</td>
<td>Registration Fees</td>
<td>Payment to register the group or individual members</td>
</tr>
</tbody>
</table>

Similar to Promotional Items, Awards and Prizes, CLICK #613, should draw attention to your Organization and how you serve your constituents. Spending in this area will draw added scrutiny so ensure you have clear and comprehensive justifications.
<table>
<thead>
<tr>
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<th>Trustee Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>622.2</td>
<td>Entry Fees</td>
<td>Payment for group or individual entry fee where no payment was collected from org member</td>
</tr>
<tr>
<td>623</td>
<td>Rental</td>
<td>Payment for rental for org</td>
</tr>
<tr>
<td>624</td>
<td>Travel</td>
<td>Payment for travel of group or members</td>
</tr>
<tr>
<td>625</td>
<td>Inventory Controllable</td>
<td>Payment for items each under $1,000 whose life expectancy exceeds a year</td>
</tr>
<tr>
<td>626</td>
<td>Inventory Capital</td>
<td>Payment for items each $1,000 or over whose life expectancy exceeds a year</td>
</tr>
<tr>
<td>627</td>
<td>Insurance</td>
<td>Payment for insurance coverage</td>
</tr>
<tr>
<td>628</td>
<td>Repairs and Maintenance</td>
<td>Payment for repairs and maintenance of Org Assets</td>
</tr>
<tr>
<td>640</td>
<td>Business Taxes (Nutmeg)</td>
<td>Remittance of Business Taxes Collected for Yearbooks</td>
</tr>
<tr>
<td>642-5</td>
<td>Wages &amp; Fringe Benefits</td>
<td>Wages &amp; Fringe for Student and Permanent Staff</td>
</tr>
</tbody>
</table>

Paying employees CLICK (#642-5) often draws added scrutiny and Organizations should be prepared with clear and comprehensive justifications for the number of employees paid and their wages. Please note that Organizations must first pass their Operational Budget and Supplemental Org Chart prior to engaging in any hiring of non-elected student leader/student employee positions. We’ll discuss your operational budgets next.

There are also some expense categories in the general chart of accounts shared by all student orgs, that are inappropriate for Tier III use such as Donations, Co-Sponsorships, Penalties and Fines, Miscellaneous and Prior Year Expenses. Again, understanding the Chart of Accounts is crucial to understanding your organization’s finances and it’s important to be consistent from year to year in its use. If you have questions, the TSOS Financial Advisor Team is happy and more than willing to answer any questions you may have.
Operating Budget

Understanding your chart of accounts is also crucial to being able to build an operating budget. State regulations require every Organization to have a detailed operating budget. This operating budget and the steps your org will walk through to put it together are also critical parts of the process for the Student Fee Advisory Committee (SFAC) process. Maintain good records through this so you don’t have to re-do the work during the SASFAC timeline (Student Activities and service fee committee, covered in Module 5).
Know your resources – building your org’s “Operating Budget” for the fiscal year (which is July 1st to June 30th) and is typically based substantially on existing data and then the rest is about your org’s new ideas and vision.

The existing data and support comes from a number of resources:

Your organization’s existing books – balances and actuals
The outgoing student leaders knowledge and experience
The new eboard’s vision and goals
Previous budget submissions and how they compare to actuals
TSOS advisors are there to support your effort and also have significant historical and organization information to help you inform your decisions.

An operational budget is more than just dollars and cents. It’s a values document that reflects the priorities of the Organization as a whole and demonstrates commitments and expectations. For this reason, we firmly believe the construction of an operating budget should involve all org leaders.

Trustee Organizations participate in “Top Down” budgeting meaning they determine the dollars available to spend and then make decisions on how to spend that money in order to benefit the constituents that paid the student fees. Let’s get started.
In this step, you are determining the value of your org’s fund balance (bank account balance) for the start of the fiscal year, the balance for this coming June 30th. Start by determining the balance in your bank account now. Subtract liabilities/payable through the current fiscal year ending June 30th. Payables include things like monthly bills and payroll. Next, add any Receivables expected before June 30th. Receivables include things like student fees, internal billing for services rendered, and Market Place Sales. The total of these three things will equate to the Fund Balance your Organization will have at the beginning of the coming fiscal year.
In step 2, you are trying to determine the desired fund balance at the end of the coming fiscal year so not THIS coming June 30th but NEXT June 30th, 2023. To do this, start by considering if your organization has the equipment necessary to obtain its mission, if not, what do you need to buy and how much does it cost? Also consider how much money you would need to handle a catastrophic loss of this necessary equipment. This amount of money is the necessary equipment contingency. Next, think about the programming that your organization has early on in the coming fiscal year. How much money would your organization need on hand to ensure those events can be run the following year? Finally, has your organization been saving for a major project/purchase for a year beyond next? How much money should be in your “savings” for this project or purchase by the end of the coming fiscal year? Add all three of these values together to obtain the minimum desired fund balance for the year end at the END of your term.
Step 3 will bring you to the value of your existing fund balance that your Org can consider using in its operating budget for the coming fiscal year. To find this value, start with the fund balance that you found in step one and subtract the minimum desired fund balance from step 2. It is possible that this value could be zero and that’s okay! If it is, that means the past boards have been highly efficient in their budget projections and spending such that there was no rollover dollars that weren’t allocated to a purpose. If you end with a negative value, it means that previous years have not left enough to meet your desired minimum fund balance and you may want to “save” that amount in the coming year’s operations so that you can achieve your minimum desired fund balance. But most likely, this will give you a higher number to work with, a direct result of pandemic levels of activity impacting the bottom line.
Step 4 – Determining Your Revenues

ALWAYS include these!

Step 4 Now you will need to determine your Revenues for the coming fiscal year. Typically you can’t know for sure what your Organizations Revenues or Income will be. It is very important that you don’t overestimate your revenues which could then lead to spending beyond your means. Therefore, you need to only project income you are certain you can bring in. Don’t include any categories where revenue is uncertain. For example, donations, co-sponsorships, or sales.

Consider:
- Look at your Actuals for a couple of years – are any of your income categories trending downward? Perhaps budget less.
- Student Fees are based on the level of your fee and enrollment – are you aware of any reason for this to change? Did your Organization decide on a temporary fee reduction?
- Some of the media groups sell advertising – any reason these revenues would be different from previous years? What did last year’s student leaders project and why? How close did they come in actuals?

Always add together the anticipated revenues from student fees, interest, and advertising (if you are a media group), as well as any other revenue. The sum of these values equals the total value projected for your operating budget. Remember, be conservative and round down, and don’t include any revenues that are uncertain.
Step 5 will result in determining the maximum dollars available for your organization to spend in the coming year’s operating budget.

You determined if there was any leftover fund balance available to consider for the operating budget and now add it to your projected revenues to get to the total dollars available for your organization to consider spending for the coming year’s operating budget.
Step 6 Now you will need to determine your Expenses for the coming fiscal year. This will be the bulk of your budgeting effort! It is very important that you don’t underestimate your expenses which could then lead to spending beyond your means. Therefore, you need to round up!

Review your Actuals for the past couple of years. Seek to Understand the Detail of HOW your Org has really been spending their money compared to what was estimated. Compare last year’s actuals to the Org’s proposed/organizational budget the previous year. What was significantly different? Why? What was higher or lower? Consider New Ideas, Changes in Direction &/or Updated Visions for your Org for example: are you adding, changing or deleting programs, increasing or decreasing hiring, equipment purchases, etc. If no change in vision, are any costs likely to rise or fall? For example minimum wage increases, printing costs, inflation, etc.
As a result of your review, how should you update your budget numbers?

Remember, this may take multiple passes to both ensure you maximize benefits to the constituents but ALSO Don’t overspend. TSOS staff is available to help support you on the creation of your operating budget. Remember that a budget is both a financial and a vision/goals document. The dollars and cents reflect the vision and goals for your
organization or the coming year.

TSOS will provide a template for your operating budget that you must use, it is available on our website at trusteeorgsupport.uconn.edu
The TSOS operating budget is based on the Chart of Accounts. Your Organization may also choose to have a programmatic budget that divides spending based on committee/department programs/event, etc. If you do, TSOS also wants a copy of this for our files.
Step 7 – Formal Budget Approval

Finally, vote on budget at a formal, public meeting!

Reminders:
• Orgs can change their budget at any time
• Budget must be in place prior to any financial activity

Once your budget is ready, you can present it for formal Organizational Approval at a public meeting. It’s a good time to discuss and note potential contingencies should you end up having more money to spend or less.

When your organization is preparing to vote on the budget, advertise the date/time and location of that meeting for at least a week in order to provide your constituents the opportunity to learn about the meeting, review the required documentation, and plan to attend if they are interested. Consult your organization’s governing documents as some organizations have specific timelines and meeting styles for passing the annual organizational budget.

During the meeting, after presentation of the budget and discussion on the budget, pass a motion approving the budget. Send the minutes and budget to TSOS for documentation via email. The approved operating budget for the coming year must be submitted to TSOS by the last day of finals during the spring semester. Again, TSOS must have the Operating budget based off the Chart of Accounts and would like to have any other budget version your Organization creates.

Remember – orgs are free to change their budget at any point in time during the year. If you do, follow the same approval process and provide it to TSOS within a week of adopting
the new budget. No financial transactions for the coming fiscal year will be processed/approved without the approved operating budget and meeting minutes on file with TSOS and until the Organization’s 4 authorized signers have completed their required training (Modules 1-3 of online training).
THANK YOU!

In this module, we defined terms to ensure we’re all using the same language and are on the same page when it comes to financial information. It’s a big responsibility to be entrusted with Student Fees to benefit your constituents. But there are a lot of resources at your disposal – so, please, use them!

We hope you now have the knowledge you need to either lead your organization to approving its operating budget or to take part in an operating budget discussion and vote.

Future modules required for all authorized signers includes Module 3: financial policies. We recommend anyone who is responsible for the expense of funds take that workshop as well.