Introduction

This glossary provides explanations of financial terms used throughout UDW+ reports and dashboards. It also introduces the underlying concepts that should be understood to utilize the information presented. Some of the concepts are specific to NYU.

Foundation Concepts

**Accounting at NYU:** The process of recording financial activity, or transactions, at the university. Transactions include student tuition receipts, faculty salary payments, the purchasing of lab equipment, and many more.

**Budgeting at NYU:** Provides an estimate of *future* transactions, both revenue and expense, for a set period of time. Budgets are also used to control how university faculty and staff spend monies.

**Financial reporting:** A summary or detailed statement of financial transactions and budget activity recorded during the accounting and budgeting processes.

**Fund Accounting:** Nonprofit organizations utilize fund accounting to segregate monies for specific purposes. Different *funds* are set up to restrict monies to the various purposes.

For example, NYU receives external donations, often with certain stipulations for how the donations can be spent (e.g. on a scholarship or to fund a capital project). All donations of a certain type are segregated in a *donor fund* that is separate from a general *operating fund*. The operating fund is used to record the general operations of the university, such as tuition revenue and faculty salary payments.
Fund accounting systems emphasize accountability as opposed to profitability. They are set up to control how groups around the university collect and expend monies.

Glossary of Terms

**Account:** Used to record the specific nature of a transaction. This allows NYU to identify the types of revenue being generated and the different types goods and services purchased. Accounts are five-digits with a description attached and represent either an Asset, Liability, Fund Balance, Revenue, Expense, or Transfer. For example, *account* 60455 – Professional Services is a common expense account.

| Accounts that begin with 1 are | Asset Accounts |
| Accounts that begin with 2 are | Liability Accounts |
| Accounts that begin with 3 are | Fund Balances |
| Accounts that range from 41000 – 49990 are | Revenue Accounts |
| Accounts that range from 50000 – 76999 are | Expense Accounts |
| Accounts that begin with 40xxx are | Revenue Transfer Accounts |
| Accounts that begin with 77xxx are | Expense Transfer Accounts |

**Account Hierarchy:** The *account hierarchy* is a method of grouping a set of accounts. A hierarchy is used because the grouping is organized from high-level and general to more specific and granular. This provides the flexibility to report and analyze the data either at a summary or detailed level. An example of a hierarchy of tuition accounts is:

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### Agency Funds:
These Funds hold monies and contain financial activity for organizations and other legal entities external to NYU such as another university or nonprofit organization. The external organization owns these assets even though they are held at the university. NYU is acting as an agent for the outside organization and has a responsibility to properly spend and manage the external organization’s assets. This is usually governed by a legal agreement between NYU and the external organization.

### Allocations:
A general term to describe transfers of monies within the university for varying purposes, usually those made at the discretion of a dean. For example, a dean can choose to allocate a portion of his discretionary budget to scholarships and financial aid.

### AMI:
Stands for annual merit increase. This is the phrase used to describe the standard percentage increase in pay for administrators and staff at NYU.
**Asset:** Property or monetary instrument with financial value held by NYU. For example, land, buildings, cash, and stocks are all assets held by the university.

**Auxiliary Operations Funds:** These Funds contain revenue and expenses for activity not directly related to the university’s mission of scholarship, teaching, and research. For example, dining hall and campus store operations are recorded in Auxiliary Fund 16.

**Budget:** An estimate of monies flowing into and out of the university over a defined period of time. Both the inflow and outflow of resources are broken down by type. Examples of budget inflows include tuition, investment income, and bookstore sales. Examples of budget outflows include faculty salaries, utility expenses, and computer purchases.

**Budget Checking:** As part of the budget control process, faculty and administrators cannot expend university monies without the expense passing budget check. Budget checking is performed by university financial systems to ensure that a given NYU department, administrative unit, program, or project has sufficient budget to make a purchase or payment. The logic in the budget checking process is set up to reflect the budget control rules.

**Budget Control Rules:** These are NYU defined rules that determine how budgets are combined or sub-totaled for budget checking. The university uses budgets to control how faculty and administrators expend monies and there are a set of rules in place that governs this control. While budgets are created and loaded at a detailed account level (e.g. 51100 – administrative salaries, 51102 – faculty salaries), the control rules are set up for sub-totals or aggregates of accounts (e.g. total salaries). These sub-totals apply to NYU organizations, units, and designated monies based upon roll-ups of departments, projects, or programs depending on the fund type.
For example, a department may budget $10,000 for faculty salaries and $2,000 for administrative salaries in separate accounts. According to budget control rules, they have $12,000 in total salary budget. If they end up not hiring any administrators, they can pay up to $12,000 for faculty salaries even though they only budgeted $10,000 since their total salary budget is $12,000. Before any expense can be initiated, it has to pass budget check (see above).

For more details on the budget control rules, see http://www.nyu.edu/employees/resources-and-services/financial-servicesandreporting/budget-resources/budget-control-rules.html.

**Budget Control in PeopleSoft:** NYU utilizes this PeopleSoft software feature to control how university monies are spent (see budget control rules for more details).

**Budget Modification (Bud Mod):** To alter the original budget loaded at beginning of the fiscal year, or to change an already revised budget, a Bud Mod must be entered. Bud Mods are subject to a workflow approval process. Budgets are created prior to the beginning of the fiscal year. Circumstances often change from when the budget was originally created and when spending actually occurs against the budget. For example, a department may create a faculty salary budget assuming only 7 out of 10 job offers will be accepted for the fall. If all 10 accept, the department may have to modify their original budget since it is understated.

**Business Unit:** BU is a component of the chartfield that tracks the location or global unit that owns or is responsible for managing the financial activity. For example, WSQ01 is NYU Washington Square and ADH01 is NYU Abu Dhabi.

**Capital Funds:** These funds contain monies to be spent on large capital projects, such as new buildings or infrastructure updates, and are segregated as such.
**Chartfield:** A combination of identifiers NYU uses to segregate and track financial activity.

There are multiple components of a chartfield including Business Unit, Fund, Division, Department, Sub Department, Org, Program, Project, and Account. These components, which include numbers and number-letter combinations, collectively make up the chartfield. For example, Fund 10, Org 21005, Account 65182, Program WSQPG or 10-21005-65182-WSQPG is a chartfield combination. Many chartfield combinations are utilized to track financial activity at the university to reflect the diversity of activity and help faculty and administrators manage monies for their intended purpose. By recording this activity in many different chartfield combinations, the university can create financial reports for various constituencies.

**Current Unrestricted - Fund 10:** This is a type of Undesignated Fund and is the core operating Fund of the university where the majority of all transactions are recorded. The monies received in this fund are unrestricted for use and can be spent on anything related to the university’s mission.

The other distinguishing feature of Current Unrestricted - Fund 10 is that at the end of every fiscal year (9/1 – 8/31), revenues must equal expenses by school or administrative unit. For example, if on 8/31 the full year’s revenue is greater than the full year’s expenses in Fund 10, the excess monies must be moved to a Designated Fund. As a result, Fund 10 is considered a Year-to-date or YTD fund because it can only carry balances for one fiscal year at a time. This concept of having a zero bottom line in the operating fund is related to NYU’s status as a nonprofit entity.
**Department**: A further breakdown of Division, schools and divisions have discretion to roll-up sub-departments (see below) into a summary Department. For example, multiple sub-departments could roll up into one Department in a school and be grouped and named as Academic Depts.

**Designated Funds**: NYU Fund types are separated into two distinct types: undesignated and designated. Designated funds includes monies received by NYU from external organizations or donors, such as the federal government or a foundation intended to be spent on specific or designated purposes. These monies are considered *restricted* since they must be spent on a specific purpose. NYU can also make a management decision and internally designate *unrestricted* funds. These monies are considered internally designated by NYU to be used for specific purposes.

Types of designated funds include: donor designated, endowment funds, sponsored funds, and management designated funds.

**Division**: A roll-up of university departments into a representative whole. For example, Law, Gallatin, and ITS are all separate divisions that have sub-divisions and departments that roll-up into them For example, Collection Services and Libraries ITS are departments that roll-up into the division of Libraries.

**Donor Designated**: NYU receives gifts from outside organizations and individuals or donors. The gifts must be spent on a specific purpose (e.g. scholarships, capital projects) designated by the donor. There are two fund types within donor designated funds: the Endowment Income Fund (fund 21) and the Expendable Gift and Non-Federal Grant Fund (fund 22). When donors give monies and stipulate that these monies must be invested and not spent, the university can only spend the income generated by the invested monies. This income is designated into the
Endowment Income Fund (see endowment funds below). When donors give monies that can be spent, and do not have to be invested, they are designated into the Expendable Gift and Non-Federal Grant Fund.

**Encumbrance:** NYU budgets, subject to budget control rules, dictate how the university can expend monies. Encumbrances represent future or planned expenses projected to occur. These future expenses reduce the current budget balance to prevent spending overages beyond the budget available.

For example, a new department may have a personnel or salary budget of $200,000 at the beginning of the fiscal year. Assuming the department hires faculty and administrators on September 1st with base salaries totaling $150,000, the individual full-year base salaries are *encumbered* and reduce the budget available by ($150,000). On September 2nd, the department would have a budget available of $50,000 even though no actual salaries have been paid out.

As the actual salaries are paid throughout the year, the encumbrance is reduced. At NYU, the most common encumbrances include employee salaries and purchase orders. For example, if a full-time administrator is hired on 9/1, it is assumed they will be paid 1/12th of their annual salary on the 1st of every month for a full 12 months. Their full annual salary will thus be encumbered on 9/1.

**Endowment Funds:** True and restricted endowment donor gifts are defined primarily by three attributes: 1) the gifts are invested in stocks, bonds, and other asset classes to generate income in addition to the original gift, 2) the original gift (also known as corpus or principal) cannot be spent and must stay invested permanently. Only the income or monies generated by these investments is spendable, and 3) the income from these investments must be spent on purposes designated by the donor (e.g. scholarships, capital projects).
In some cases, donors allow the university to spend the original gift instead of just the income, but still require the monies to be invested and spent. NYU can also internally invest monies or cash into the endowment pool and stipulate that the corpus or principal can still be spent. Both of these are designated as quasi endowment gifts. The purpose of investing the monies, rather than leaving it in cash, is to generate additional income to serve the university mission.

Lastly, both true and quasi endowments can be either restricted for a specific purpose or unrestricted and be spent on anything related to the university mission.

**Exception or Budget Exception:** Since NYU uses the Budget Control software feature, Budget Exceptions can occur if there is insufficient budget balance available in a given unit’s budget. If a transaction is processed and submitted, it must pass Budget Check before posting to the official ledger in the financial system where all transactions are recorded. If a transaction fails Budget Check, the system is showing that there is insufficient budget and the transaction becomes a Budget Exception.

**Expendable Endowment Income:** Fund 21 contains the income generated by NYU’s endowment gifts. Original endowment gift monies are invested and managed like a financial portfolio. These investments generate income, which is posted on a set schedule once earnings exceed the original gift amount or corpus, per NYU Board of Trustee policy. The income must be spent on the purpose designated by the donor or by the university. Fund 21 contains programs that match a corresponding program in one of the Endowment Funds (see Endowment Funds). For example, Jane Doe donates $10M and program called *EG899 – Jane Doe gift in Fund 45 – True Endowment* is created. Once the $10M starts generating income, the income will post to *EG899 – Jane Doe gift* in a corresponding *Fund 21 - Expendable Endowment Income.*
**Expense:** The cost required to acquire something. At NYU, the cost reflected in financial reports generally refers to the cash paid acquire a good or service. An expense can be recorded regardless of when the actual cash is paid out. Future period or expenses expected to occur can also be represented in the financial system (e.g. encumbrance or committed dollars).

**Fail or Budget Fail:** See Budget Exception.

**fame (financial accounting made easy):** NYU’s general ledger and accounts payable core software system, which is PeopleSoft financials. Fame is the source system where all financial transactions are originally recorded. These transactions are then fed into the University Data Warehouse Plus (UDW+) and reported on via the OBIEE reporting tool. The name is in lower case letters to avoid infringing on a registered trademark that uses capital letters.

**FIN vs. PD3:** There are two primary types of access to financial data at NYU: Financials (FIN) and PD3. FIN access allows users to view general financial activity at the transaction level. PD3 access allows users to view salary detail by individual and the salary expense report.

**Fund:** An NYU Fund is set up to segregate how university monies are received (e.g. tuition payments, donations, grant funding) and how these monies can be spent. For example, Fund 10 is the general operating fund of NYU and is set up to record unrestricted and normal university operations. For example, one of the primary missions of NYU is teaching students. Tuition payments from students are recorded in Fund 10 and payments to compensate faculty for teaching students is also recorded here. Links to individual fund definitions: [insert here]

**General Ledger or GL:** Contains all of the actual transactions to be recorded in the various NYU chartfields and the official accounting record of the university. Most organizations have a general ledger and prior to the advent of computing systems, utilized physical “books” to record
transactions. These books have now been replaced by software, such as NYU’s fame system. It is common for people to use phrases such as “it posted to the ledger last night.” This means that the transaction is now in the official accounting record of NYU.

**Grant Overhead or Indirect Cost Recovery:** Governments, Foundations, and other organizations provide grant monies to sponsor specific research. For example, the National Science Foundation (NSF) may award NYU $100,000 for a project to study the dynamics of gaseous stars. When the NSF provides these monies, they recognize that a portion will go to funding the project’s direct specific costs, such as lab equipment and faculty salaries, and other amounts will be applied to funding indirect costs or overhead, such as building maintenance and utilities and administrative support. These indirect costs are shared among many projects and groups throughout the university and cannot be attributable directly to a specific project. The university thus recovers monies to pay for these indirect costs by using funding from the agency that provides research funding.

**Internal Income:** Refers to income that is transferred from either a.) a separate fund controlled by the same division, or b.) another division of the University. Sometimes a school or division will pay the full price of a good or service that outside schools or divisions also use. The school or division that paid will sometimes receive a transfer of monies to compensate for the cost. This is considered internal income since it was transferred from within the university.

**Management Designated:** These Funds contain monies internally allocated by NYU for a specific spending purpose. For example, the provost may allocate or designate monies for undergraduate scholarships. The monies are legally unrestricted because the next provost can choose to change what these funds are designated for.
**Monthly Actuals, MTD, or Month-to-date:** This represents a running total or sub-total of transactions posted for a given month. For example, viewing the MTD Actual amount on September 27th will be a sub-total of all transactions between September 1st – September 26th (assuming the data was refreshed the night before).

**Org:** A further breakdown of Sub-Department, an org is the base grouping the university uses to segregate different department’s financial activity. For example, org 99778 – Decision Support Group is a single org. Multiple orgs can make up a single sub-department.

**Original Budget:** Like most nonprofit organizations, NYU must present a future year budget to the Board of Trustees for approval on an annual basis. Each school and division creates a budget before the start of the fiscal year and this is loaded each September 1st into *the university’s financial system, fame*, as the Original Budget. Once the year begins, schools and divisions can revise their original budgets and this creates the Revised Budget. The revised budget will equal the original budget if no modifications are made and is used to control spending via the *budget control process*.

**OTPS:** Stands for other than personnel services. OTPS expenses are generally payments made to purchase goods and services and NOT salaries. OTPS is a collection of multiple accounts that roll-up into a sub-total used in the *budget control process*. For example, software, travel, and lab equipment are individual OTPS accounts that collectively can make up a units total OTPS budget.

**PASS:** Personnel Action Submission System; a workflow application that automates the submission, routing, tracking and approval of personnel action requests. For example, when someone is hired, a “PASS action” must be submitted and this generates *encumbrance* activity in the university’s financial system (fame).
**Pending:** Transactions that are pending have not yet posted to the general ledger as an actual expense or encumbrance. In general, transactions that are pending have been submitted and budget checked and are simply awaiting technical processing to be loaded into the ledger (fame). There is thus a time lag between when an expense is submitted for processing and when it can be viewed in NYU’s financial reporting tools since it has to go through a number of checks.

The term pending is also used more broadly around NYU to describe transactions that have not yet posted for various reasons. For example, a transaction could be pending budget modification to increase the budget available balance.

**Personnel Services (PS):** Expenses related to paying salaries and benefits to employees of NYU. Personnel Services is a collection of multiple accounts that roll-up into a sub-total used in the *budget control* process. For example, faculty salaries, administrative salaries, and fringe benefits are individual personnel accounts that collectively can make up a unit’s total PS budget.

**Program:** NYU uses program to identify monies segregated for a specific purpose. Programs must always be associated with an org at the university. Multiple programs can be attached to a given org, or project. For example, org 98777 – Faculty Affairs can have programs BE444 – Recruitment and BE544 – Tenure and Promotion attached to it so the organization can track the two activities separately. Lastly, program is used as the primary identifier to segregate Endowment monies.

**Project Manager:** Identifies the person managing a Project or who originally set up the Project. For grants, this usually identifies the faculty member who is the principal investigator.
**Project:** NYU uses project to identify monies segregated for a specific purpose. Projects must always be associated with an org at the university. Multiple projects can be attached to a given org. For example, org 98777 – Faculty Affairs can have projects M3050 – Recruitment and M3051 – Tenure and Promotion attached to it so the organization can track the two activities separately.

Projects are used as the primary identifier to segregate Grants, spendable Donor monies, and other Designated activity. Projects also can carry a fund balance (revenues in excess of expenses) over from one year to the next. For example, if someone donates $10,000 for scholarships and only $4,000 is expended during the year, the project will carry over a fund balance of $6,000 the next fiscal year. Projects are different from programs in that they are associated with different *Funds*. For example, to designate monies for a specific purpose in Fund 20 – Management Designated Funds, the university can create a project.

**Quasi restricted endowment (see also endowment funds):** Defined primarily by three attributes: 1) the gifts are invested in stocks, bonds, and other asset classes to generate income in addition to the original gift, 2) the original gift or other amounts (also known as corpus or principal) CAN be spent and 3) the income from these investments must be spent on purposes designated by the donor (e.g. scholarships, capital projects). The ability to spend the original gift is what distinguishes Quasi endowments from True endowments.

**Quasi unrestricted endowment (see also endowment funds):** Defined primarily by three attributes: 1) the gifts are invested in stocks, bonds, and other asset classes to generate income in addition to the original gift, 2) the original gift or other amounts (also known as corpus or principal) CAN be spent and 3) the income from these can be spent on anything related to the university mission.
**Revised Budget:** The original budget is loaded into *fame* at the beginning of each fiscal year. This budget can be revised on an ongoing basis throughout the fiscal year and the sum of these revisions is added to the original budget to create the revised budget. If there are no revisions, revised budget equals original budget. The revised budget is used to calculate the budget balance available according to the budget checking rules.

**SIS:** Student Information System; maintained by the University Registrar.

**Sponsor Funds:** A primary mission of NYU is to conduct research and make new discoveries. Organizations or agencies external to NYU sponsor this research and provide monies to fund these activities. Sponsor Funds are used to track these research monies and different types are segregated by the type of external agency providing the monies (e.g. Federal government, State government, and foundations).

**Sub-Department:** A further breakdown of Department, schools and divisions have discretion to roll-up orgs (see below) into a summary Sub-Departments. For example, orgs 98000 – 98550 could roll up into one Sub-Department and be grouped and named as Academic Depts.

**Transfer:** A transfer of budgeted or actual revenues or expenses between org units within a fund, or a transfer across funds. Transfers are often used to move monies between schools and divisions to provide reimbursements for shared expenses.

**True restricted endowment (see also endowment funds):** Defined primarily by three attributes: 1) the gifts are invested in stocks, bonds, and other asset classes to generate income in addition to the original gift, 2) the original gift or other amounts (also known as corpus or principal) cannot be spent and must stay invested permanently. Only the income generated by
these investments is spendable, and 3) the income from these investments must be spent on purposes designated by the donor (e.g. scholarships, capital projects).

**True unrestricted endowment (see also endowment funds):** Defined primarily by three attributes: 1) the gifts are invested in stocks, bonds, and other asset classes to generate income in addition to the original gift, 2) the original gift or other amounts (also known as corpus or principal) cannot be spent and must stay invested permanently. Only the income generated by these investments is spendable, and 3) the income from these can be spent on anything related to the university mission.

**Uncontrollable:** OTPS expenses that are considered out of the control of the school or unit where the spending resides. For example, each school must pay for utilities such as electricity and since this amount is set at the beginning of each fiscal year and will not change, it is considered uncontrollable.

**Undesignated:** NYU Fund types are separated into two distinct types: undesignated and designated. Monies received by NYU in the course of general operations and NOT intended for a specific or designated purpose, can be spent on anything related to the university’s mission.

Types of undesignated funds include: general operating, auxiliary (e.g. dining hall), and agency funds.

**YTD or Year-to-date:** This represents a running total or sub-total of transactions posted for a given fiscal year. For example, viewing the YTD Actual amount in December will be a sub-total of all transactions between September and December.