

**RESOLUTION OF THE FOUNDATION BOARD OF DIRECTORS APPROVING AND ADOPTING
THE ACCOUNTS RECEIVABLE POLICY**

WHEREAS, the California State University, Dominguez Hills Foundation is a recognized auxiliary organization of The California State University incorporated as a 501(c)3 non-profit public benefit corporation in April 1968; and

WHEREAS, as an auxiliary organization, the Foundation exists as a separate legal entity that operates pursuant to an Operating Agreement with the CSU Board of Trustees governed by Chapter 7, Part 55, Division 8, Title 3 (Sections 89900 et seq.) of the Education Code and Subchapter 6, Article 1, Part V (Sections 42400 et seq.) of Title 5 of the California Code of Regulations (CCR) and is governed by a Board of Directors that is responsible for the administration of the organization; and

WHEREAS, the California State University, Dominguez Hills Foundation established the Accounts Receivable Policy to establish a system to maintain, control and record the accounts receivable

WHEREAS, the current policy was out of date with current practices; and

WHEREAS, the Accounts Receivable Policy has been updated to be in line with accounting procedures and includes the Executive Committee’s recommendation to add a clause on “Collections and Write-Offs.”

THEREFORE, IN CONSIDERATION OF THE FOREGOING, IT IS RESOLVED AS FOLLOWS:

RESOLVED, that the Board of Directors of the Foundation recognizes the above recitals as true and correct and adopts them as findings of fact; and

RESOLVED, that Foundation approves and adopts the California State University Dominguez Hills Foundation Accounts Receivable Policy; and

RESOLVED, that the Foundation Executive Director shall be directed to take all actions as may be necessary and proper in connection with the execution and implementation of this resolution.

Adopted this 17th day of June 2021.

Del Huff, Chair
CSUDH Foundation
Board of Directors

Attest: _____
Dr. Cornelia Brentano, Vice-Chair
CSUDH Foundation
Board of Directors

Accounts Receivable Policy

1 OVERVIEW

It is the policy of the California State University, Dominguez Hills Foundation (“Foundation”) to establish a system to maintain, control and record the accounts receivable (“Accounts Receivable”) processed by the Foundation. Accounts Receivable records should be accurate, complete and maintained in a manner indicative of the length of time a debt is outstanding.

2 INITIATION AND SETUP

The Foundation uses a centralized accounts receivable system for the creation of invoices. All invoices are systematically numbered in ONESolution accounting system (“ONESolution”). All invoice numbers are in sequence and assigned to the invoice upon invoice creation.

Depending on the nature of the operation, each Unit prepares a request for invoice. Except for catering operations, which have an independent invoicing process, each request for an invoice should have:

- Proper documentation such as date, unit, price, quantity, account number, description, extended amount, contractual agreements, work orders, POs, etc.
- An authorized signature on the request for invoice form.

The request for invoice form is given to the Foundation Accountant (“Accountant”) to review for accuracy and revenue recognition. The accountant creates the invoice in ONESolution, and the invoice entry is routed to the Controller for posting. The PDF invoice is sent to the requestor or directly to the customer as denoted on the invoice request form.

3 RECORDING

Auxiliary transactions are accounted for on an accrual basis. Therefore, revenues are recognized when transactions occur and are invoiced. The Accountant verifies:

- When the sale of goods or services took place; and
- If the sale transaction has taken place, the Accountant determines the appropriate period for revenue recognition.

All invoice adjustments must specify the invoice number, customer I.D. (PEID), and reason for adjustment. In addition, such adjustments must contain an authorized signature approving the adjustment(s). The adjustment request is then sent to the Foundation Accountant for processing.

Payments, partial payments, credits, and other authorized adjustments to AR are posted against the corresponding invoices in order to maintain accurate aging of the AR subsidiary ledger.

4 RECONCILIATION

The Account Receivable Aging Report is reconciled monthly to the general ledger accounts receivable object codes by the Accountant and reviewed by the Controller.

After month-end closing, an Account Receivable Aging Report is generated by the Accountant and a copy is sent to the Project Director/Project Manager, the Controller, and the Chief Financial Officer. An explanation as to why the balance has not been collected is requested from the Project Director/Project Manager for balances over 90 days.

A review of credit balances is performed monthly by reviewing the AR subsidiary ledger or the accounts receivable aging schedule. Credit balances shall be communicated in full by accounting staff to Foundation Chief Financial Officer.

5 COLLECTIONS AND WRITE-OFFS

Collection efforts for accounts receivable invoices are the responsibility of the Project Director(s)/ Project Manager who requested the invoice and the Accountant. The Accountant supports the invoice requestor in collecting balances by providing monthly aging reports to the invoice requestor for balances under 45 days outstanding. The Accountant also generates delinquency letters and documents collection efforts in the accounting system. If the balance is 45 days or older outstanding, it is the responsibility of the accountant to collect the balance directly from the customer. Once the outstanding balance reaches 90 days, the accountant shall discuss further collection efforts with the Controller.

If it is determined that further collection action would not be productive and after one year of collection, an invoice or pledge can be written off against the Allowance for Doubtful Accounts. All write offs must be approved by the Foundation's Executive Director or Chief Financial Officer.

In the case of unpaid invoices, accounting staff will inform the Executive Director or Chief Financial Officer and if applicable a credit hold will be placed in the system to prevent the Foundation from providing further services to the customer. All old outstanding balances need to be cleared and advance payments need to be made before further services can be provided to the vendor.

All invoices which have been outstanding for longer than one year will be: (1) recorded in an allowance for doubtful accounts; or (2) written-off within the first or second year, with the prior written approval of the Project Director/Manager, and the Chief Financial Officer.