

**RRUUC's Accounting Principles**  
**(Approved by RRUUC Board 3-21-17)**

1. RRUUC classifies its financial assets as unrestricted, temporarily restricted or permanently restricted:
  - a. Unrestricted Funds may be used for any purpose within RRUUC's mission.
  - b. Temporarily Restricted Funds may be spent for a purpose or at a time designated by the donor.
  - c. Permanently Restricted Funds are funds that the donor has designated for perpetual investment. Income from permanently restricted funds may be either unrestricted or temporarily restricted, depending on the donor's intent.
2. The Board may designate Unrestricted Funds or Temporarily Restricted Funds for a particular purpose, provided that the designation does not violate a restriction. For example, the Board has designated some unrestricted funds to pay for future capital expenditures (the CAP program). Temporarily Restricted Funds may be designated only for a purpose consistent with the restriction. The Board has the right to amend or revoke a Board designation.
3. Contributions are recorded when received as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and nature of any donor restrictions.
  - a. Unless otherwise specified by a donor,
    - i. original principal contributions to RRUUC's endowment fund are considered permanently restricted; and
    - ii. accumulated income (current value, less principal contributions) from the endowment fund is temporarily restricted, and may be used for the endowment fund's purposes, as specified in the bylaws.
  - b. Pledge payments for a subsequent fiscal year are temporarily restricted until the beginning of that fiscal year.
  - c. Contributions solicited for a specific use are restricted to that use. If donations solicited for a specific use will be used to pay the costs of the solicitation, the solicitation materials must so state.
  - d. Donations for activities we classify as "self-funded" are temporarily restricted if donors have contributed to an activity with an express or implied understanding that their donations will be used for a particular purpose.

4. RRUUC uses modified cash basis accounting. The difference between our modified cash basis accounting and unmodified cash basis accounting is that we capitalize expenditures for certain assets. Under our modified cash basis system:
  - a. We recognize income when received.
  - b. We recognize expenses when paid, except expenditures for capital assets we depreciate, which are recognized as expenses when depreciated.
  - c. We capitalize expenditures in excess of \$2,500 for property and equipment having a useful life of more than one year, and depreciate those assets over their estimated useful lives.
  
5. These principles have the following specific applications.
  - a. Money designated for the CAP program will not be treated as an expense when designated. Instead, CAP program expenditures will be recognized when spent or, if they are used to purchase a capital asset, as the asset is depreciated. (Expenditures from the CAP program will be used only to purchase capital assets or materially to extend the useful life of a capital asset already owned by RRUUC. CAP program expenditures in excess of \$2,500 will be depreciated.)
  - b. Income from a fund-raising activity (e.g., the bazaar) will be recognized when received, and the expenses of the activity will be recognized when paid.
  - c. Disbursements under the CAP program, from a reserve, or from the endowment fund are not recognized as income.
  - d. Principal contributions to the endowment fund are permanently restricted. Accumulated income from the endowment fund is temporarily restricted, and may be used, subject to Board approval, for the purposes stated in the bylaws.