



The American University of Kurdistan Financial Accounting Policy and Procedures

Policy Number: BF009
Effective Date: May 28, 2023

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I. INTRODUCTION

- a. **Authority:** The Board of Trustees (herein referred to as “Board”) at The American University of Kurdistan (herein referred to as “AUK” or “University”) is authorized to establish rules and regulations to govern and operate the University and its programs.
- b. **Purpose:** The purpose of this policy is to provide information on the University’s financial operations and on the accounting system used to account for resources in accordance with objectives established by the trustees, management, donors, government agencies and others.
- c. **Scope:** This policy applies to all AUK employees and units.

II. ROLES AND RESPONSIBILITIES

- a. **Responsible Executive:** VPAF
- b. **Responsible Administrator:** Director of Finance
- c. **Responsible Office:** Office of VPAF
- d. **Policy Contact:** Director of Finance

III. DEFINITION

US Generally Accepted Accounting Principles: also called US GAAP, are the generally accepted accounting principles adopted by the U.S. Securities and Exchange Commission (SEC).

Financial Accounting Standards Board: A private, non-profit organization market regulator whose primary purpose is to establish and improve generally accepted accounting principles (GAAP) within the United States in the public's interest.

Accrual Basis: Under the accrual basis of accounting, revenues are reported on the statement of activities when they are earned as opposed to the cash basis where the revenues are reported when the cash is received.

Impaired Asset: An asset that has a market price less than the value listed on the company's balance sheet.

Net Assets: Assets less liabilities. Instead of showing retained earnings or owner's equity, the non-profit financial statements show net assets.

IV. POLICY STATEMENT

The Finance Department at the AUK is responsible for accounting for University financial activity in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP").

V. POLICY PROCEDURES

- AUK follows the US Generally Accepted Accounting Principles and the provisions of the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958, Not-for-Profit Entities.
- Accounts are maintained and reports prepared on the accrual basis of accounting.
- The fiscal year of the University starts on August 1 and ends on July 31.
- Revenues are recorded when earned and performance obligation has been satisfied.
- Expenditures are recorded when materials or services are received or when an obligation or the impairment of an asset has occurred.
- Net assets that are not subject to donor-imposed restrictions will be accounted for as unrestricted net assets.
- Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.
- Net assets that are subject to donor-imposed restrictions that will be met by actions of the University and/or the passage of time will be accounted for as temporarily restricted net assets.
- Net assets that are subject to donor-imposed restrictions that stipulate they be maintained permanently, but permit the use of part or all of the income derived from these assets will be accounted for as permanently restricted net assets.
- Expirations of temporary restrictions recognized on net assets will be reported as net assets released from restrictions from temporarily restricted to unrestricted net assets.

VI. POLICY HISTORY

- a. **Approved by:** Board of Trustees
- b. **Adopted:** May 28, 2023