

COLORADO STATE UNIVERSITY-PUEBLO
Financial Procedure Instructions
FPI 2-2

1. **Procedure Title:** Educational Business Activities – Sales of Goods and Services
2. **Procedure Purpose and Effect:** The purpose of this procedure is to describe guidelines under which University sales of goods and services may be conducted and to provide certain guidelines under which the activity may be carried out while maintaining the vital tradition of an open campus. For the purposes of this policy the term "campus" shall include all locations from which the University, or any agency within the University system, provides goods and services.
3. **Application of Procedure:** Any College or Department that is engaging in:
 - A. **Sales to the Campus Community**
 - B. **Sales to the External Community**
4. **Exemptions:** Since the mission of the University involves providing instruction, research, and public service, this policy shall not apply to charges for instruction in the University's regular on-campus, extension, evening or continuing education programs; services provided in the practicum aspects (course consisting of practical work in a particular field) of its instructional and research programs; services in its extracurricular or residential life programs, including residence halls, food services, health and welfare services, athletic and recreational programs, and the performing arts programs; academic support services; nor shall it apply to Federal and State mandated public service responsibilities.
5. **Definitions:**

Self-Funded Subfunds: 1CONTE (12), 1RECHA (21), 1GENOP (22), 1AUX (26), and certain 1ENTER (29)
6. **Procedure Statement:**
 - A. **Sales to the Campus Community:**
 1. The University shall engage in the direct sale of goods and services to the campus community even though the goods or services may be available elsewhere, provided:
 - a) The provision of the goods and services is substantially related to the University's instruction, research or public service mission, or
 - b) The provision of the goods or services supports and is necessary or convenient for the campus community, including invited guests, or facilitates the extracurricular, public service, or residential life of the campus community.
 2. If the activity meets either of the above criteria the following restrictive guidelines are imposed:

- a) The price or fee for the goods or services must be established at a sufficient level to reflect the direct and indirect costs and overhead costs of providing such goods or services.
- b) Advertising to the general public is prohibited.
- c) Any promotion is to be directed only to the campus community, without mention of the general public, and shall not make comparisons with off-campus business establishments or prices.

B. Sales to the External Community:

- 1. The University may provide goods and services to the external community provided:
 - a) The goods or services represent a resource which is directly related to a specific element of the University's instruction, research or public service mission, or
 - b) There is an external demand for the goods or services which are not commonly available or otherwise easily accessible.
- 2. If the activity meets either of the above criteria, the following restrictive guidelines are imposed:
 - a) The price charged should reflect the direct and indirect costs and overhead costs of providing such goods or services, in addition to being reflective of the price in the private marketplace (where the price in the private marketplace can be reasonably determined by the University).
 - b) Any required advertising will include a clearly worded institutional disclosure which sets forth the rationale for offering the goods or services.
- 3. The University follows GASB which requires revenue to be recorded when earned. a) Accounts Receivables Processing:
 - a) If payment is not received when earned the Fiscal Officers are responsible for ensuring receivables are recorded in KFS. A receivable should be recorded for all sales that do not result in the immediate collection of cash. If customers are billed for goods or services that have been provided, an entry to record the revenue and the receivable is required. Departments can attempt to collect on their own receivable balances or work with the Office of Financial Management (OFM) to upload charges to Banner. If a department is unsuccessful in its own collection attempts, it is suggested that they work with OFM for guidance on how to proceed. The University provides central accounts receivable processing to assist departments with the billing, collecting and tracking of past due accounts, as well as the recording of the proper accounting entry to book the revenue and the receivable. Departments that utilize OFM will have an allowance for doubtful accounts expensed to their account monthly. The amount is assessed based on a percentage of the revenue that is run through Banner and is calculated on an annual basis by OFM using the percentage of sales method. Departments that are collecting on their own receivable balances are required to book their own allowance for doubtful accounts.

7. Reference and Cross-References:

- A. COLORADO STATUTE 24-113-104(3) Colorado Revised Statute Title 24, Article 113 regulates competition by State agencies, including institutions of higher education, with private enterprise.

are, by law, required to develop and implement procedures for reviewing unfair competition complaints from privately-owned businesses.

- B. "UNRELATED BUSINESS INCOME TAX" (see FPI 2-4) was developed in response to Federal law which imposes income tax on unrelated business activities of otherwise tax-exempt entities. This procedure provides guidelines applicable to all University revenue-generating activities in order to comply with the statute on government competition with private enterprise. Revenue-generating activities consistent with it may be "unrelated business" for tax purposes, as defined within. It is complementary to it and the Sales and Related taxes procedure and the two should be construed in a consistent fashion. Accordingly, all such activities must comply with both this procedure and Sales and Related taxes procedure.

8. **Forms and Tools:** [The 21 and 22 Users Guide.](#)