

## Auxiliary Enterprises

### Policy/Procedure

An auxiliary enterprise exists to furnish goods or services to students, faculty, staff, other institutional departments, or incidentally to the general public and charges a fee directly related to (although not necessarily equal to) the cost of the goods or services. The distinguishing characteristic of an auxiliary enterprise is that it is managed as an essentially self-supporting activity.

Prior to the creation of an auxiliary enterprise, the need for such goods or services in the community must be identified, which would enhance and support the College's strategic mission. If it is anticipated that the auxiliary enterprise may generate unrelated business income, the potential tax liability also must be considered in planning and budgeting for the activity. The decision to create (or discontinue) an auxiliary enterprise must involve and be approved by the President and senior management, including the Vice President for Finance and Administration.

The Associate Vice President for Auxiliary Services and Budget Management is responsible for operational oversight of auxiliary enterprises at the College. This oversight includes establishing and maintaining appropriate policies and procedures, including an assessment of the continued purpose and need for existing auxiliary enterprises.

### Financing Auxiliary Enterprises

The primary responsibility for managing and operating each auxiliary enterprise lies at the department level. Each Department Head is responsible for developing budgets and operating plans and monitoring the financial status of the auxiliary enterprise.

Auxiliary enterprises are expected to fund their operating expenses through revenues generated. Budgets and operating plans are reviewed with the Associate Vice President for Auxiliary Services and Budget Management before they are presented to the *All-College Committee on Planning and Budget*. Auxiliary enterprises which cannot price their goods or services to remain profitable and comparable to similar goods or services available from the community are evaluated for discontinuance.

### Sales Tax

Auxiliary enterprises making sales of tangible personal property or services have the same responsibility as other vendors under the Pennsylvania sales tax law, even though sales are made to students, employees or other persons directly associated with the College. Each auxiliary enterprise is required to withhold sales tax on taxable sales to third parties at the time of sale. The Assistant Controller is responsible for remitting funds to the state on a monthly basis.

## **Inventories**

Auxiliary enterprises which purchase goods for resale must maintain an inventory system and perform a physical count of inventory on an annual basis. Depending on the nature of inventory, physical counts may be performed more frequently.

### **Related Information**

Conferences and Special Events (Campus Operations)  
FAS Mail Center (Campus Operations)  
Cash Receipts  
General Ledger Accounting  
Sales Tax Collection, Reporting and Remittance Policy  
Unrelated Business Income  
Joint Venture Policy

### **History/Revision Information**

**Responsible Office/Division:** Financial Operations

**Effective Date:**

**Last Amended Date:** October 2012

**Next Review Date:** June 2015

**Also Found In:**