Keeping The Books With

NETSUITE
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Account Types

The 5 Basic Accounts

Basic accounting rules group all finance related things into 5 fundamental types of “accounts”

Everything that Treasurers deal with can be placed into one of these 5 accounts:

- **Assets** — things you own
- **Liabilities** — things you owe
- **Equity** — overall net worth
- **Income** — increases the value of your accounts
- **Expenses** — decreases the value of your accounts

It is possible to categorize everything in your Geo Units financial world into these 5 groups
The Accounting Equation

**Equity** is defined by **Assets** and **Liabilities**.

**Net worth (equity)** is calculated by subtracting your **liabilities** from your **assets**:

\[
\text{Equity} = \text{Assets} - \text{Liabilities}
\]

You increase equity through income, and decrease equity through expenses

The Accounting Equation:

\[
\text{Assets} - \text{Liabilities} = \text{Equity} + (\text{Income} - \text{Expenses})
\]

This equation must always be balanced!

This can only be satisfied if you enter values to multiple accounts
Double Entry Bookkeeping (Don’t worry it’s not that difficult)

The accounting equation is the very heart of a double entry accounting system

\[
\text{Assets} - \text{Liabilities} = \text{Equity} + (\text{Income} - \text{Expenses})
\]

For every change in value of one account in the Accounting Equation, there must be a balancing change in another. This concept is known as the Principle of Balance

You will always be concerned with at least 2 accounts. This is imperative to keeping the accounting equation balanced
Double Entry Bookkeeping (Don’t worry it’s not that difficult)

Debit / Credit
(Left Side / Right Side)

Balancing changes (or transfers of money) among accounts is done by debiting one account and simultaneously crediting another.

Accounting debits and credits do not mean “decrease” and “increase”.

Debits and Credits each increase certain types of accounts and decrease others.

In asset and expense accounts, debits increase the balance and credits decrease the balance.

In liability, equity and income accounts, debits decrease the balance and credits increase the balance.

Debits are always on the “left side”, credits are always on the “right side”
Accounts

An account keeps track of what you own, owe, spend or receive.

Each account can contain many sub-accounts up to an arbitrary number of levels in NetSuite.

Some accounts:
- Track the activity for that “real” account
- Inform you of its status.

i.e.: checking accounts, savings accounts, investment accounts.

Other accounts:

Are used to categorize the money you receive or spend:
- These are not accounts that receive statements
- They allow you to determine how much money is being spent or received in each of these areas
- These accounts are shown on your Profit & Loss statement and are known and income account and expense accounts.
Accounts

In NetSuite, IEEE has a predetermined Chart of Accounts that can be customized by your Geo Unit by submitted a request to add “sub accounts”

All accounting is based on the 5 basic account types:
- Assets
- Liabilities
- Equity
- Income
- Expenses

Accounts types are divide into 2 groups:
- Balance Sheet accounts (Assets, Liabilities, Equity)
- Income and Expense Statement accounts (Income, Expenses)

Accounting Equation

- Assets - Liabilities = Equity + (Income - Expenses)
Transactions

A transaction represents the movement of money among accounts.

Whenever you spend, receive, or transfer money between accounts, that is a transaction.

In double entry accounting, transactions always involve at least two accounts:
- a source account (where the money is coming from)
- a destination account (where the money is going)

A transaction can be a compound transaction. A compound transaction involves more than two accounts.
Balance Sheet Accounts

- Are Assets, Liabilities, and Equity
- Are used to track the changes in value of things you own or owe

Assets are the groups of things that you own, that have value
- Anything that has convertible value
- What you theoretically could sell for cash

Liabilities are the groups of things on which you owe money
- Anything which you must pay back at some point in time
- Long term Liabilities = Greater than 1 year
- Short term liabilities = Less than 1 year

Equity is the same as "net worth"
- What is left over after you subtract your liabilities from your assets
- The portion of your assets that you own outright, without any debt
## Balance Sheet

### ASSETS
- **Current Assets**
  - Bank
    - 70055 - Concentration Banking Section NORTH JERSEY: $72,722.99
    - 70056 - IEEE Long Term Investments Section NORTH JERSEY: $97,768.15
  - **Total Bank**: $170,491.14
  - **Total Current Assets**: $170,491.14

### LIABILITIES & EQUITY
- **Current Liabilities**
  - Other Current Liability
    - 74162 - Suspense Account: $2,046.07
  - **Total Other Current Liability**: $2,046.07
  - **Total Current Liabilities**: $2,046.07
- **Equity**
  - Retained Earnings: $164,583.71
  - Net Income: $3,861.36
  - **Total Equity**: $168,445.07

### Total LIABILITIES & EQUITY
- **Total**: $170,491.14
Income & Expense Accounts

Income and Expense Accounts are used to increase or decrease the value of your balance sheet accounts.

Balance Sheet accounts simply track the value of the things you own or owe.

Income and Expense accounts allow you to change the value of these accounts.

Income is the payment you receive. Income will always increase the value of your Assets and thus your Equity.

Expense is money you spend to purchase goods or services. Expenses will always decrease your Equity.

- If you pay an expense immediately, you will decrease your Assets.
- If you pay an expense on credit, you will increase your Liabilities.
# Income Statement

## Financial Row

<table>
<thead>
<tr>
<th>Financial Row</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ordinary Income/Expense</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
</tr>
<tr>
<td>1.30 - Received from Foundations</td>
<td>$1,226.58</td>
</tr>
<tr>
<td>2.10 - Meetings &amp; Social Events</td>
<td>$19,670.00</td>
</tr>
<tr>
<td>2.60 - Educational Activities</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>3.10 - Rebate from IEEE HQ</td>
<td>$17,243.30</td>
</tr>
<tr>
<td>3.20 - Region Receipts</td>
<td>$1,500.00</td>
</tr>
<tr>
<td>3.32 - Receipts from MGA Board, other Major Boards</td>
<td>$1,500.00</td>
</tr>
<tr>
<td>3.33 - Sections Congress Receipts</td>
<td>$1,192.00</td>
</tr>
<tr>
<td>3.34 - IEEE HQ &amp; Societies</td>
<td>$4,731.42</td>
</tr>
<tr>
<td>3.40 - IEEE Interest</td>
<td>$300.77</td>
</tr>
<tr>
<td>3.62 - Unrealized Gain/(Loss) on Investments (Market Value)</td>
<td>($4,802.04)</td>
</tr>
<tr>
<td><strong>Total - Income</strong></td>
<td>$52,762.03</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td></td>
</tr>
<tr>
<td>4.10 - Meetings &amp; Social Events Expense</td>
<td>$30,838.89</td>
</tr>
<tr>
<td>4.20 - Publication Expenses</td>
<td>$3,187.68</td>
</tr>
<tr>
<td>4.60 - Educational Activities Expense</td>
<td>$5,870.00</td>
</tr>
<tr>
<td>4.70 - Professional Activities Expense</td>
<td>$1,000.02</td>
</tr>
<tr>
<td>4.90 - Student Activities Expense</td>
<td>$500.00</td>
</tr>
<tr>
<td>4.90 - Other Program Expenses</td>
<td>$980.06</td>
</tr>
<tr>
<td>5.15 - Sections Congress Expenses</td>
<td>$1,947.00</td>
</tr>
<tr>
<td>5.20 - Travel Expense</td>
<td>$749.00</td>
</tr>
<tr>
<td>5.50 - Support to Sections/Chapters Expense</td>
<td>$500.00</td>
</tr>
<tr>
<td>5.64 - MGA Board / Major Board Expenses</td>
<td>$2,608.60</td>
</tr>
<tr>
<td>5.66 - Other Management &amp; General Expenses</td>
<td>$629.42</td>
</tr>
<tr>
<td><strong>Total - Expense</strong></td>
<td>$48,990.67</td>
</tr>
<tr>
<td><strong>Net Ordinary Income</strong></td>
<td>$3,861.36</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$3,861.36</td>
</tr>
</tbody>
</table>
The Accounting Cheat Sheet

Asset accounts:
  debits increase account balances
  credits decrease account balances

Liability accounts:
  debits decrease account balances
  credits increase account balances

Equity accounts:
  debits decrease account balances
  credits increase account balances

Income accounts:
  debits decrease account balances
  credits increase account balances

Expense accounts:
  debits increase account balances
  credits decrease account balances
Summary

There are five account types:
- Assets
- Liabilities
- Equity
- Income
- Expense

All accounts have a Debit Side and a Credit Side
- Debit Side is the Left Side (Left Column)
- Credit Side is the Right Side (Right Column)

Asset and Expense Accounts
- Debits increase
- Credits decrease

Liability, Equity, and Income Accounts
- Debits decrease
- Credits increase