

**Good Samaritan Health & Wellness Clinic**  
Policies and Procedures

Subject: Chart of Accounts	Policy #: 3.8
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### 3.8 Chart of Accounts

**Policy:** It is the policy of GSHWC to establish and maintain an effective accounting system to capture data regarding the economic activity of the organization and provide for compliance in reporting requirements.

**Purpose:** Management requires accurate and timely financial reports in order to judge the performance of the organization and plan for future activities.

**Procedures:**

#### General Ledger Set-Up and Posting

The GSHWC will establish a general ledger system to accumulate all financial transactions. The framework for this system is the chart of accounts. The chart of accounts includes the account titles and account numbers assigned to identify assets, liabilities, net assets, revenues, and expenses of GSHWC. Account numbers have been developed to separate and identify information needed for financial reporting. Only the CFO may authorize additions or changes to the chart of accounts.

#### Arrangement of Account Titles

Account titles within the chart of accounts are arranged in the following order:

- Assets
- Liabilities
- Net Assets
- Revenue
- Expenses

Account numbers should be assigned in the following numerical categories:

- |           |             |
|-----------|-------------|
| 1000-1999 | Assets      |
| 2000-2999 | Liabilities |

2900-2999	Net Assets
3000-3999	Revenue
5000-7999	Expenses
8000-8999	Temporary Restricted & Restricted Accounts

In order to track more detailed revenue and expense information the general ledger is further broken down by grants, programs, and projects.

### **Establishment of Contra Accounts**

Accounting systems record transactions at their historical cost. However, there are instances where generally accepted accounting principles require that an account be presented in the financial reports at a lesser amount. This is accomplished through the use of contra accounts, allowing the accounting system to maintain records of the accounts at historical cost while reducing their value for financial reporting purposes. For example, accounts receivable is stated at its historical cost. However, for financial reporting purposes, accounts receivable must be reduced for accounts that will not be collected. Therefore, the allowance for doubtful accounts is established to reduce accounts receivable to its collectible amount. Contra Adjustment accounts also need to be established to reduce the gross charges by the applicable slide or insurance adjustment.