

LETTER OF CREDIT

The Letter of Credit process is run by Research Accounting on a weekly basis, and again at the close of fiscal periods. This process runs on cost centers with active project ID's that begin with a G or an F and has a Project Funding and Payment Method that specifies Letter of Credit processing. Project Funding and Payment Methods are identified by the Division of Research during project set up.

PROJECT FUNDING PAGE

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Setup KK For Project | Project Reporting | **Project Funding** | Project IDC Rates | Fed Assist Pass Thru To

SetID: 00730 Project: G000003 NMR Studies of Trinucleotide R

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Effective Date: 06/22/2004 Status: Active

Sponsor Type: FEDERAL

Funding Agency: HEW410 National Institute of General Medical Sciences

CFDA: 93.821 Cell Biology and Biophysics Research

Originating Entity: []

Sponsor ID: 5 R01 GM54652-02

Payment Method: 02 DHHS LETTER OF CREDIT

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Payment Method

SetID: 00730 Payment Method: 02

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Effective Date: 08/31/1998 Status: A Letter of Credit

Funding Agency: HEW000 Department of Health and Human Services, Office of the Secretary

Fund Code: 5013 RSTR G&C-FED GRANT/CONTRACT

Department: H0259 INST - FINANCIAL ACCOUNTING Letter of Credit Cost Center

Program Code: F0001 INSTIT SUPP-GRANT

Project: G002316 LTR CREDIT - DHEW

Description: DHHS LETTER OF CREDIT

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The process determines the total project-to-date Accounts Receivable posted by the Revenue Recognition process, or corrections to that process (GL AR account 12116) in all active F or G project cost centers with Letter of Credit payment methods, then transfers that receivable to a "Home" cost center. Home cost centers are used by Research Accounting to identify the accounts receivable and do draw downs of cash for federally funded projects that allow the use of Letter of Credit rather than requiring bills to be sent by the Division of Research.

LETTER OF CREDIT

T-Accounts of journal entries for a Letter of Credit project are below:

| Transaction | Project Cost Center | | Home Cost Center | |
|--|---------------------|----------------|------------------|-----------------|
| | 12116 (AR) | 12117 (LOC AR) | 12117 (AR) | |
| RevRec posts AR | 1,000 | | | |
| LOC runs, trf AR to LOC AR | (1,000) | 1,000 | | |
| LOC then trf LOC AR from project CC to home CC | | | (1,000) | 1,000 |
| TOTAL | <u>0</u> | <u>0</u> | | <u>1,000.00</u> |