Policy for:
Asset Management
Movable Equipment

Document Number	
Effective Date	10/16/2014
Revision Date	
Drafted or Issued By: Fiscal	Date: 10/02/2014
Approved By: Board of Directors	Date: 10/15/2014
Signature: ______ Board Secretary	

Purpose:

This policy is intended to provide guidance in determining the proper accounting for capitalization and depreciation of moveable equipment owned by LCRC.

Equipment is an asset of LCRC that should be safeguarded and used for LCRC programs and purposes. Equipment must be depreciated according to its useful lives established by the LCRC and in accordance with State and/or Federal Guidelines.

LCRC must properly classify, safeguard and depreciate its equipment, and must abide by funders' guidelines for the purchase, use and disposition of the equipment.

Definitions:

Moveable Equipment – tangible non-expendable property that has an estimated useful life of greater than one (1) year and has a unit value of $5,000 or greater (capitalization threshold) and received either by purchase or donation.

Equipment Cost - Total equipment cost includes purchase price plus any other charges incurred to place the asset in its intended location and condition for use. Donated assets are valued at their fair market value at the date of acquisition.

The following costs should be included in the total cost associated with acquiring the asset:

- The original invoice price actually paid for the item.
- All freight, handling, and/or storage charges paid that relate to the asset through delivery and installation.
- All specific in-transit insurance paid for the asset.
- All costs associated with installation of the asset including site preparation. If the installation and/or site preparation is done by an outside contractor, the actual invoice amount should be added to the asset.
- All costs of testing and preparation.
- All books, manuals, or training guides necessary for the operation of the asset.
- All operating systems software purchased with the computer.

Depreciable Basis - The depreciable basis is what was paid for the item or its cost. If the asset is donated, the basis is usually the fair market value of the item at the time of transfer. An asset involving a trade-in of another asset requires adjusting its basis to account for the value of the asset traded in. If the asset traded in had already been depreciated, the new item's depreciable basis is its cost less the trade-in value obtained.

Straight Line Method - The method of depreciation which allocates a given percentage of the cost of an asset each year for a fixed period.

Useful Life – The period during which an asset or property is expected to be usable for the purpose it was acquired which may or may not correspond with the item's actual physical or economic life.

Equipment in Service Date - An asset becomes qualified to claim depreciation when it is placed into business use or for the production of income, not necessarily when it was originally bought. LCRC considers it being placed into use "when it is ready and available for specific use." Assets considered as missing/retired are treated as disposed and do not claim depreciation unless the asset is located and is reinstated as active.

Minor Equipment - Items (purchased or donated) with a unit cost or value of $250.00 - $4,999.00. Minor equipment shall not be carried as an asset, but shall be expensed at the time of purchase. However, minor equipment shall still be maintained and tracked separately.

Surplus Property – Property not needed by a department. Surplus property includes all excess items and materials other than items that would be typically disposed of in a wastebasket, such as scrap paper, consumed pencils and pens, etc.

Scrap – Surplus material; such as metal pieces, broken component parts or inoperable equipment, which has no utility value in its present state.

Tag – To place a LCRC asset number on a piece of equipment.

Policy Statement:

LCRC shall purchase or lease certain research laboratory equipment and other movable property for use and furtherance of LCRC's mission. LCRC shall retain ownership of the equipment purchased by LCRC. LCRC, as owner or lessee of the equipment, grants its partner institutions the right to use the equipment in accordance with LCRC's mission and initiatives. LCRC shall retain title to all items of equipment fully funded by LCRC. All LCRC equipment shall be purchased or leased and paid for wholly and completely by LCRC.

A depreciation schedule shall be prepared and updated at least annually for the audited financial statements preparation. Annual depreciation expenses are reflected in the financial statements and in accordance with GASB (Government Accounting Standards Board).

Equipment will be depreciated by using the Straight Line Method in accordance with the following threshold and useful life limits:

Equipment (Research)	$	5,000	7 year useful life
Office furniture and equipment	$	5,000	5 years useful life
Computer Equipment & Systems	$	5,000	5 year useful life

To comply with State and/or Federal guidelines, the Fiscal Department or the partner institution's Business Manager will tag all moveable equipment either donated or purchased promptly upon receipt.

Moveable equipment should be secured and protected by department personnel. If an item is identified as stolen or missing, the LCRC Department Head or the Business Managers at our partner institutions must immediately report this to the LCRC Fiscal Department.

LCRC Department Heads or the Business Managers at our partner institutions are responsible for coordinating with Fiscal, I.T., and/or Safety for the disposal of all surplus or scrap equipment.

All Users of LCRC Equipment shall comply with LCRC rules and regulations, policies and procedures concerning the identification, management, and disposition of moveable equipment.