



**CalPolyPomona**

Philanthropic  
Foundation

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**POLICIES AND PROCEDURES**

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**Subject: Fixed Asset Policy**

**Policy No. 510**

**Date: 07/2019**

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**PURPOSE**

Cal Poly Pomona Philanthropic Foundation (Foundation) has established guidelines for inventorial and capital fixed asset purchases and defined the responsibilities and obligations of the Foundation and University departments in regard to the custody and control of property including a biennial inventory verification, maintenance of accurate records, property identification (tagging) and to provide guidelines for proper handling of inventorial property and related record keeping.

**CAPITALIZATION THRESHOLD**

Fixed Assets are tangible, non-consumable property that is valued at \$5,000 or more with a useful life of one or more years and is capitalized on the Foundation records. The valuation (cost) of the fixed asset includes all expenditures reasonable and necessary in acquiring or receiving (donation) the asset including the installation of the fixed asset in a position and condition for its intended use. The valuation of the fixed asset may include incidental charges such as sales tax, use tax, installation charges, consultant services related to acquiring an item, freight, handling charges, etc...

**SALES/DISPOSITIONS/TRANSFERS/STOLEN PROPERTY (excluding Grants and Contracts)**

- A. Sale and Dispositions of Fixed Assets - An Officer/Authorized Signor must approve sales and/or disposition of fixed assets.
- B. Transfer of Fixed Assets – Officer/Authorized Signor is responsible for notifying Financial Services of all equipment transfers or disposals as they occur. The Officer/Authorized Signor shall approve all disposal and transfer requests. The “Property Transfer Request Form” or “Property Disposition form”, along with the

Foundation bar coded fixed asset tag(s) should be submitted to the Chief Operating Officer or designee.

Any changes (partial additions or deletions) to an existing fixed asset will be noted on the "Fixed Asset Master File". The Property Disposition Form is used for removing an asset from the Fixed Asset System.

- C. Lost, Stolen or Destroyed Property – In Compliance with Executive Order 813 dated March 22,2002, lost, stolen, or destroyed property must be reported to the Foundation Chief Operating Officer next business day following any incidence of actual or suspected theft.

### **FIXED ASSET ON LOAN (excluding Grants and Contracts and Controlled Equipment)**

If a fixed asset is moved off campus, the Officer/Authorized Signor must send written notification to Chief Operating Officer describing the equipment on loan including why it was necessary, where it will be located, how long it will be off campus, what security measures are being taken, and if the equipment is located at an individual's home, that the equipment is covered by a homeowner's insurance policy.

### **ACCOUNTABILITY AND RESPONSIBILITY (excluding Grants and Contracts)**

- A. Financial Services is responsible for maintaining reliable inventory records. Financial Services shall maintain accurate detailed subsidiary ledgers for each fixed asset in use, including fully depreciated assets. The record for each item should include description of the asset, its location, date of purchase or construction end date, cost, and depreciation or amortization method, depreciation/amortization for the period, and accumulated depreciation or amortization. Subsidiary records should be updated for the cost of additions and disposals regularly, and updated for depreciation for the period. Subsidiary records should be reconciled to the general ledger at least quarterly.
- B. Financial Services will keep track of theft sensitive items that are less than \$5,000 in the Fixed Asset System per the request of the Officer/Authorized Signor. The item will be expensed in the month purchased. A fixed asset bar coded tag number is assigned to the asset for tracking purposes and records are maintained in non-depreciating categories.
- C. A Fixed Asset Report is printed after month end close by Financial Services. This report is by project, asset type, and asset number, with account sub-totals, project, and report totals. The acquired value totals of this report should agree with the general ledger by asset account. The accumulated depreciation column reflects the total accumulated depreciation expense, including the current month depreciation. The net book value column is the acquired cost of the asset less the accumulated depreciation.
- D. Building Improvements - Building improvements must be distinguished from repair and maintenance expenses, which are not capitalized. The difference between improvements and normal repair and maintenance is based on the following criteria:

- E. Remodeling and Betterments - Remodeling to make space more useful to its present application is betterment and shall be capitalized to Building Improvements when expended. Cosmetic remodeling, such as replacement of floor and wall coverings as part of periodic redecorating, is a maintenance and repair activity and shall not be capitalized except when it is incidental to a remodeling or betterment project. The Chief Operating Officer shall approve exceptions to these principles of accounting.
- F. Maintenance and Repair - If expenditure maintains the original condition of an asset, it should be classified as repair and maintenance expenditure. For example, a new roof on a building generally maintains the original condition of the building or restores the building to a fit condition. A new roof does not usually make the building more useful for its intended purpose or add to the estimated useful life of the building as a structure. The Chief Operating Officer shall approve exceptions to these principles of accounting.

### **DONATED FIXED ASSET (except Grants and Contracts)**

A donated fixed asset is valued at its fair market value. A donated fixed asset valued at less than \$5,000, the donor reports the value. An appraiser values a donated fixed asset valued at \$5,000 or more, and an appraisal is required.

### **FIXED ASSET TAGGING (except Grants and Contracts)**

- A. Fixed Assets Tagging for Capitalized Assets: Effective July 1, 2019, Financial Services/Accounting Department will provide a bar coded tag label for all portable fixed assets purchased that are greater than \$5,000 per item to the Officer/Authorized Signer or their designee when the Fixed Asset is entered into the fixed asset module but no later than the subsequent month.

Financial Services/Accounting Department will send a memo no later than the subsequent month to the Officer/Authorized Signer or their designee with the following information:

1. a bar coded tag label with asset number
2. description of the item
3. the acquired amount
4. the project # and object #

The Officer/Authorized Signer or their designee is responsible to tag the asset no later than the subsequent month and the Financial Services/Accounting Department will audit the inventory in the next Audit Schedule.

Financial Services/Accounting Department will take a physical count of all portable tagged fixed assets at least biennially (every two years).

- B. Recording the serial numbers for Non-Capitalized Controlled Equipment: The serial number for controlled equipment will be input as a "Sec Ref" on the journal entry in Bi Tech, or in Accounts Payable (OH), or P-card. A report in Bi Tech can

be run for a list of serial numbers for controlled equipment for a period of time, and for all or specific Project (see Accounting desk manual for more details).

### **FIXED ASSET INVENTORY (except Grants and Contracts)**

- C. Officer/Authorized Signor or their designee will take a physical count of all portable tagged fixed assets at least biennially (every two years). Financial Management will send each Officer/Authorized Signor the Fixed Asset Report along with a cover letter including the instructions. The Fixed Asset Report is a computer printout that lists information about all portable tagged fixed assets under the control of the Officer/Authorized Signor, as shown in the records.
- D. Within 90 days of receipt of the Fixed Asset Report, the Officer/Authorized Signor or their designee will conduct a physical count of all items valued at \$5,000 or more. They will:
  - 1. Verify that the description (type of item, manufacturer, serial number), and location (building, room number) provided for each tag number listed on the report is correct for each item. If the physical properties, size, or use of any item prohibits attachment of the tag, department records should be used to verify those items.
  - 2. Check off each item listed accurately on the report.
  - 3. Correct any item listed inaccurately by printing the correct data below.
  - 4. If an item is missing, determine the status of the item and follow up with appropriate notification to Financial Services using the Property Transfer Request Form” or “Property Disposition form”. If the aggregate value of the missing equipment is greater than or equal to \$25,000 Chief Financial Officer in addition to the Officer/Authorized Signor must sign the Property Disposition form.
  - 5. If a portable fixed asset is located but is not listed on the report, indicate the tag number, location, serial number, and description of the item at the bottom of the report or on an attachment. Discrepancies or problems that cannot be resolved within the department should be reported as such to the Chief Operating Officer.
  - 6. If it becomes apparent that the verification cannot be completed within 90 days, arrangements can be made for an adjusted due date.
  - 7. When the verification process has been completed for all portable tagged fixed assets, the Officer/Authorized Signor should sign the letter, certifying that the report accurately represents all inventorial property for which the Officer/Authorized Signor is responsible as of that date. The original report should be returned to the Chief Operating Officer with a copy maintained in the department until the next biennial inventory verification is completed.
  - 8. Chief Operating Officer will verify the physical fixed asset counts on a sample test basis.

## **UNIVERSITY RELATED PROGRAMS – FIXED ASSETS**

Fixed assets purchased by a project should be expensed to that project. The title for all fixed assets purchased from this fund shall belong to the University unless authorized by the Chief Financial Officer of the Foundation as a fixed asset of the Foundation. When a Foundation purchase order is issued to purchase a fixed asset, it is noted at the bottom of the purchase order that “This is State Property.” When the fixed asset is received through the University Receiving Department, the University personnel are responsible for tagging the equipment per the note on the receiving copy of the purchase order.

### **GUIDELINES FOR DETERMINING WHEN TO TRANSFER IMPROVEMENT TO STATE BUILDINGS**

The below guidelines provide when the improvements to State Buildings should be transferred to University vs. remain a Fixed Asset of the Foundation.

If the State Building is built with Foundation funds, the cost of future improvements for those buildings should be transferred to University i.e. Collins College of Hospitality Management Building

If the original cost of the building is paid by Foundation funds and it is used in our operations, the cost of any future improvements to those buildings should be recorded as Foundation Fixed Assets.

Furniture and Equipment capital improvements for our operations in a State building shall remain a Fixed Asset of the Foundation.

Exception: if the equipment is attached to the State building i.e. HVAC or boiler, it shall be transferred to the University.

The furniture and equipment that was purchased by Foundation funds and used by the State, it may be transferred to State.

Request for Purchase Order: If the improvement should be transferred to the University, then on the request for purchase order, please indicate “This is State Property” and Accounting will prepare the PO accordingly.