

FIXED ASSETS

Control Objective:

To ensure that acquisition or disposal of fixed assets is properly authorized, and that those assets are adequately safeguarded and properly recorded.

Procedure:

** Recording:

⇔ **Purchased Assets:**

Assets are recorded as an expense and transferred to University ownership.

⇔ **Contributed Assets:**

✦ Fair Market Value: A contributed asset that will be used and not sold is recorded, using the fair market value as of the date of donation.

✦ Documentation: Supporting documentation for all assets contributed to the USM Foundation must be forwarded to the Comptroller.

** Disbursement Requests:

Assets acquired with USM Foundation funds for the use of a constituent institution are subject to cash disbursement procedures.

EXCEPTION: When equipment to be purchased costs over \$25,000, quotes from at least two (2) vendors should be obtained and submitted with the DISBURSEMENT REQUEST FORM. If only one price quote is submitted, an explanation as to why this is a sole source purchase must be provided.

** Capitalization and Depreciation:

Assets acquired by the USM Foundation for the purposes of conducting its business are capitalized and depreciated over the following number of years using the ½-year convention.

- Automobiles – 5 years
- Computers – 5 years
- Other equipment – 5 years

** Review of Assets:

- Assets are reviewed periodically by the USM Foundation Board.
- Insurance coverage related to assets is reviewed annually.
- Assets are appraised when determined appropriate.

** Sale of Assets:

When an asset is sold a gain or loss is recorded.