

## **Fixed Assets Policy**

*California State University, Dominguez Hills Foundation*

### **POLICY**

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It is the policy of the California State University, Dominguez Hills Foundation (Foundation) to establish a system to maintain, control and protect the physical assets acquired through the Foundation. This policy seeks to record, control, and manage all existing Foundation assets and those assets acquired in the future. To accomplish this, the following procedures have been implemented.

### **PROCEDURES**

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#### 1. Capitalization and Depreciation Threshold:

The limit for capitalizing a fixed asset is generally \$5,000. A fixed asset is any capital asset purchase with an effective usable life of more than one year and a cost of \$5,000 or more. Certain repairs of equipment may be capitalized if the repair prolongs the usable life of the capital asset to more than one year.

Computers and computer related equipment are generally depreciated over three years. Furniture and fixtures are generally depreciated over five years. Building improvements and leasehold improvements are depreciated over their estimated useful life or the term of the lease, whichever is shorter. All assets are depreciated using the straight-line method of depreciation. If the Chief Financial Officer determines at the time of acquisition that an asset may have an estimated life longer/shorter than the suggestions above, the useful life may deviate from the prescribed term.

#### 2. Tracking of Assets:

All Foundation assets which have a service life of one year or more remaining and an estimated current value of \$5,000 or more shall be assigned a Tag ID # by the University's Warehouse. A database including the description of item, model/serial number, original purchase price, estimated useful life, and annual depreciation record will be maintained by the Foundation.

#### 3. Periodic Inspection:

The Foundation's Business and Finance Office will update the fixed asset listing with new assets that have been purchased since the end of the prior fiscal year. However, Directors should report all physical movement of assets at the time it occurs. An updated equipment listing and depreciation schedule will be provided to each Unit Director for their use in developing the annual budget for the next fiscal year. It is each Director's fiduciary responsibility to visually identify every asset on the list, record any changes or corrections, note any assets that have been disposed of or may be missing, and identify any new assets that were not included in the database. Annually, a physical inventory by each Unit Director will be conducted to verify the fixed asset records.

4. Transfer of Assets to the State:

Assets transferred to the State/University require approval by the Board of Directors.

5. Disposal of Assets:

Assets can be sold for cash or used for trade-in value.