Fixed Assets Handbook

Quick Guide to the Fixed Assets Initiative

November 4, 2022

ARCHDIOCESE OF SAINT PAUL & MINNEAPOLIS

Contents

Fixed Assets Initiative Overview

Purpose

The purpose of this handbook is to provide tools and templates for parish staff and leaders as they manage their organization's physical assets. Proper care, maintenance, tracking, recording and reporting of fixed assets is essential to vibrant parish life and a strong financial position.

This guide is organized into a high-level summary of the Fixed Assets, and a detailed list of steps that occur throughout the fixed asset life cycle. Key documents pertaining to each step are mentioned in the narrative and illustrated in this handbook.

Summary

Fixed Assets is a term used in accounting for assets and property that cannot easily be converted into cash. These assets are items of value that a parish or school has acquired and will use for an extended period of time, generally more than one year.

An asset is "fixed" because it is an item that a parish will not consume, sell or convert to cash within an accounting calendar year.

Fixed assets include land, land improvements, buildings, building improvements, fixtures, vehicles, furniture, maintenance equipment, and office equipment.

Operating expenses and routine repairs and maintenance are not considered Fixed Assets. The purpose of this handbook is:

- To promote a consistent methodology for categorizing, recording and reporting parish, cemetery and school Fixed Assets on financial statements.
- To provide parishes, cemeteries and schools with tools and templates for maximizing asset use.
- To identify and prioritize upcoming capital projects, and responsibly fund asset repairs, replacements and new capital purchases.
- To introduce an easy to use application to track Fixed Assets, provide meaningful reports to parish leadership, and automate depreciation entries.

This handbook outlines a project plan for the Archdiocese of St Paul and Minneapolis Fixed Assets Initiative (FAI).

The FAI is an implementation of, or update to, each parish's Capital Improvement Plan, as well as additions, deletions and possible corrections of current fixed asset valuations.

The plan also includes implementing a rollout of the Fixed Assets Module within the ParishSOFT Accounting database to facilitate accurate recording and maintenance of capital assets of the parish.

Background

Analysis of Parish accounting data indicates that many parishes have historically carried balances of fixed assets year-over-year on their Statement of Financial Position and are not recording accumulated depreciation and depreciation expense. Many parishes

established balances of fixed assets using insurance or assessment values, rather than using cost basis and recording depreciation.

This shows that many parishes are not properly recording fixed assets on their financial statements.

- As of 3/9/2022, there were 147 Parishes and 3 Regional Schools utilizing ParishSOFT Accounting.
- 10% of Parishes utilized the Depreciation Expense account and Accumulated Depreciation Asset account in FY2021. This may indicate that these parishes are correctly recording depreciation on their Statement of Financial Position.
- 20% of Parishes reported the same carry forward balance in their Accumulated Depreciation Asset account from June 2021 to December 2022, indicating they may not be recording a depreciation entry or they are not actively tracking Depreciation Expense on a subsidiary spreadsheet for an end of year entry.
- 5% of Parishes do not include any Fixed Assets on their Statement of Financial Position.

Through our work with the parishes, we continue to discover instances where Fixed Assets are not being properly recorded.

This research indicates that the Statement of Financial Positions for the majority of parishes may not be accurately reported to leadership.

Many parishes do not have a capital improvement plan or it is outdated.

Adoption of the Fixed Asset Initiative is important to achieve accurate financial reporting in the Parishes.

Rollout Plan

The rollout plan of the Fixed Assets Initiative consists of a three phase approach in collaboration with the Archdiocese of St Paul and Minneapolis (ADSM), Catholic Finance Corporation (CFC), Catholic Mutual Group (CMG) and CliftonLarsonAllen (CLA).

Phase I – Capital Improvement Plan

On May 18, 2022, a virtual Lunch and Learn hosted by the Archdiocese Department of Financial Standards and Parish Accounting, Catholic Finance Corporation and Catholic Mutual kicked off the initiative.

> It should be the goal of the parish to have a complete inventory of all items that may need to be repaired or replaced in the future.

CFC provided detailed instructions for preparing, updating and maintaining a capital improvement plan.

CMG presented high-level concepts of having correct asset valuations and the importance of creating and maintaining a repair and maintenance schedule.

Click here to view Lunch and Learn: Fixed Assets, Phase I: Capital Improvement Plan.

Phase II – Fixed Asset Valuations

The Phase II, Fixed Asset Valuations was hosted, virtually on June 8, 2022 in a Lunch and Learn session, presented by ADSM, CMG, and CLA hosted . The target audience for this presentation was Parish Business Administrators and Accountants.

CLA presented guidance and resources to assist parishes in reviewing:

- Original Fixed Asset Valuations
- Fixed Asset Useful Life Schedule
- Recommended Journal Entry to Correct the Current Fixed Asset Valuation (if necessary)
- Depreciation Journal Entries to the Current Fiscal Year

This training also included samples of future depreciation entries and a suggested frequency model to be recorded in the parish accounting system.

Click here to view Lunch and Learn: Fixed Assets, Phase II: Fixed Asset Valuations.

Phase III – ParishSOFT Fixed Asset Module and Fixed Assets Spreadsheet

In Phase III, a July 13, 2022 Lunch and Learn ParishSOFT Fixed Asset Module and Excel Spreadsheet presentation will provide training for its targeted audience of Parish Business Administrators and Accountants.

ADSM Standards Program Manager will provide a guided tour of the ParishSOFT Fixed Assets module as well as a Fixed Assets Spreadsheet for parishes who choose not to purchase the ParishSOFT Fixed Asset module.

Parishes will be provided resources and sample entries of common fixed assets. Samples to include:

- Setup
- New Fixed Asset
- Update to Fixed Assets
- Repairs and Maintenance
- Warranty and Insurance Information
- Inserting Photographs
- Inserting Attachments
- Reports
- Depreciation Setup and Processing

Click here to view Lunch and Learn: Fixed Assets, Phase III: ParishSOFT Fixed Assets Module and Fixed Assets Spreadsheet.

Additionally, an extra Lunch and Learn was recorded and provided to Parishes under the topic Fixed Assets Phase III – Inventory and Research How To's. This session provides practical information and step-by-step instructions which include:

- Setting Expectations
- Asset Inventory
- Researching Historical Costs
- Determining Useful Life

Click here to view Lunch and Learn: Fixed Assets, Phase III: Fixed Asset Inventory and Researching How To's

All videos and resource documents are available on the Resource Library/Education and Resource Library/Publications.

Why Depreciate?

Depreciation is a non-cash expense that addresses the use of fixed capital assets (e.g., a building, vehicle, or equipment) over a specified period of time.

For example, the Church of the Good Example bought a van for $50,000.

Instead of recording an expense on the Statement of Activities for the full $50,000 when the van is purchased, an accounting entry shifts $50,000 cash from the checking or savings account to fixed assets on the Statement of Financial Position.

Then, every year, a portion of the fixed asset's value is recorded as an expense on the Statement of Activities. This is calculated using a straight-line depreciation method by simply dividing the fixed asset purchase equally over a specified number of years expected to be its useful life.

In this example, the van purchased would depreciate over 5 year normal useful life. An entry would record $10,000 as an expense the first year and again, over the subsequent four years.

The Church of the Good Example maintains an operating budget of $600,000 and raises that amount in revenue to generate break-even results each year.

A simple way to address the cost of the depreciation each year would to add the $10,000 in expense to its $600,000 operating budget in order to create a revenue target of $610,000.

Essentially, after raising the $610,000 in revenue and spending $600,000 in cash expenses, the organization will have $10,000 left over which it can set aside into a Capital Improvement reserve for repair and replacement needs.

After five years of this budgeting method (and if the parish does not have to make any major repairs on its van in the meantime) it will have saved $50,000, enough perhaps to replace the van (not taking into consideration inflation or resale of the old van).

How do I distinguish a Capital purchase versus a Repair expense?

Parishes may wonder if the amounts paid to restore or improve property are capital expenditures or simply ordinary and necessary repair and maintenance expenses.

The IRS has provided guidance and has provided some "bright-line" tests to clarify what is capital as opposed to what would be considered a repair and routine maintenance.

General Principle of Capitalization

The IRS states that amounts paid to acquire, produce, or improve tangible real and personal property, including amounts paid to facilitate (closing costs) the acquisition of tangible property should be capitalized. In addition, any amounts paid for permanent improvements or betterments made to increase the value of such property must be capitalized.

Improvement standards are applied to the building itself, as well as to its individual structural components such as heating and ventilation, plumbing, electrical, fire protection and security systems and escalators and elevators. Also the new regulations will allow the dispositions of component parts of a building resulting in the recognition of a gain or loss upon the retirement of such component.

Recurring activities (inspection, cleaning, testing, replacing parts, and so on) that are expected to be performed as a result of the use of property to keep the property in its ordinarily operating condition **are not** capital improvements.

The activity is considered routine if, at the time the property was placed in service, the parish reasonably expected to perform the activity more than once during the property's life.

The IRS indicates what constitutes a real property capital improvement as follows:

- Fixing a defect or design flaw
- Creating an addition, physical enlargement or expansion
- Creating an increase in capacity, productivity or efficiency
- Rebuilding property after the end of its economic useful life
- Replacing a major component or structural part of the property
- Adapting property to a new or different use

Capital Purchase vs Repair & Maintenance Expense Checklist

Consider the following factors when attempting to distinguish between capital expenditures and repairs and maintenance.

Capital Purchase	**Repair & Maintenance Expense**
Improvements that "put" property in a better operating condition	Improvements that "keep" property in efficient operating condition
Restores the property to a "like new" condition	Restores the property to its previous condition
Addition of new or replacement components or material sub-components to property	Protects the underlying property through routine maintenance
Addition of upgrades or modifications to property	Incidental Repair to property
Enhances the value of the property in the nature of a betterment	
Extends the useful life of the property	
Improves the efficiency of the property	
Improves the quality of the property	
Increases the strength of the property	
Increases the capacity of the property	
Ameliorates a material condition or defect	
Adapts the property to a new use	

Phase I - Capital Improvement Plan (CIP)

Fixed assets are the infrastructure, equipment and furnishings integral to a well running parish or school. Proactive financial management of fixed assets is critical for long-term financial and physical health of a parish, cemetery and school. Proper asset management is critical for responsible stewardship of parish property, accurate record keeping, improved budgeting and reporting, proper funding of capital purchases and GAAP compliance.

Capital replacement planning takes a long-term view of the physical and financial needs of the property.

A starting point in good financial management of fixed assets is to develop a detailed understanding of assets currently in use. This typically involves taking a physical inventory of buildings as well as their contents across all parish, cemetery and school facilities. The document resulting from the physical inventory is the Asset Listing.

The next step is to use the Asset Listing as a tool to identify when assets on the list will require maintenance services, repairs and replacement. When possible, financial estimates for repair and replacement should be tabulated and assigned realistic timeframes. This information can be used by parish, cemetery and school personnel to plan funding required for maintaining existing assets and make proactive decisions without waiting for assets to break down unexpectedly and require emergency fundraising. This schedule is called the Repair and Replacement Schedule (RSS).

Once existing assets have been inventoried and assessed, a Capital Improvement Plan (CIP) should be developed. The purpose of this schedule is to combine maintenance requirements and replacement timeframes for existing assets (on the Repair and Replacement Schedule) as well as plans for new asset purchases and/or building projects. By having this visibility to funding needs related to existing assets and planned asset purchases, coordination with the budget process can begin.

Each parish needs two budgets: the annual operating budget and a Capital Improvement Plan.

While the annual operating budget concentrates on the routine maintenance for the next year, the Capital Improvement Plan looks at major repairs and replacements over a number of years.

The Capital Improvement Plan will help the parish budget and set aside enough funds for each year so the parish can pay for large repairs and replacements.

There are times when cash flow issues prevent the ability to create funding for necessary capital repairs and purchases. In these cases, the dollar value of unfunded capital maintenance should be calculated and addressed by the finance council and pastor.

Capitalization Policy

Capitalization – or recording an acquisition of an asset, rather than an expense – can be a confusing concept for many parishes. The best way to prevent this confusion is to develop a clear capitalization policy with a threshold for reporting fixed assets.

Fixed assets are tangible pieces of property or equipment with a useful life of more than a year and that meet or exceed the Parish's capitalization threshold (such as office furniture, vehicles, buildings and land, etc.).

Office supplies like paper and packing tape are not considered assets, because you will likely use those up within a year.

Assets may depreciate in value or break down over time, but they do not generally get "used up" like office supplies. Fixed assets are reported on the Statement of Financial Position rather than the Statement of Activities.

The capitalization policy should include a capitalization threshold, or the specific dollar amount at which an item is recorded as a fixed asset. Many mid-sized parishes may have a capitalization threshold of $1,500. That means that if your organization bought a new lawn mower that cost $1,500 or more, it would be classified as an asset. If the lawn mower cost less than $1,500 it would be treated as an expense.

Consideration should also be made to the single item, multi-component, and group purchase concepts.

- **Single Item:** Single items are the most common fixed asset concept and typically refers to land, buildings, and moveable equipment that is not permanently affixed to or part of a building.
- **Multi-Component:** Some moveable equipment consists of more than one component (such as a computer server, modem, router and cabling). The assembled components may be considered one item and be recorded as a single capital asset. Component items that form one working equipment system are combined for capitalization purposes. The "system" definition applies to computer configurations and AV equipment. Additions to equipment that become either component parts or permanently connected to existing equipment items are also defined as equipment and should be capitalized, regardless of cost.
- **Group Purchase:** Group purchases are purchases where the total is greater than the Parish's capitalization threshold; however, individual items within the group purchase fall below the Parish's capitalization threshold.

  For group purchases, a Parish may wish to adopt one of the following treatments within their capitalization policy:

  - Subject each individual item within the group purchase to the organization's capitalization threshold
  - Subject the group purchase amount to the organization's capitalization threshold
  - Adopt a separate, higher capitalization threshold for group purchases.

  The use of group purchase can reduce the time required to calculate depreciation, especially when large numbers of assets are aggregated into a single group. However, the practice is not recommended. Consequently, though there may be an occasional use for group purchase, the concept is rarely employed.

It can be a lot of work to keep track of assets and properly account for them from year to year, so make sure your capitalization threshold makes sense for the size and type of your parish.

A good capitalization policy should include at least two things:

- **Criteria for recording fixed assets.**
  For example, "Fixed assets must cost $1,500 or more and have a useful life of more than a year. Any purchases not meeting both of these criteria will be recorded as an expense."
- **Guidelines for keeping track of fixed assets over future years.**
  For example, "The Business Administrator will conduct an annual inventory of fixed assets and equipment leases, and will coordinate with the organization's accountant to update financial records for disposals and depreciation."

Remember, the capitalization policy can be updated if the parish grows or changes. But parishes should always have a firm, written capitalization policy in place to help guide your decisions and prevent inconsistent bookkeeping.

See Appendix B – Capitalization Policy Sample (Basic) on page 49, and Appendix C – Capitalization Policy Sample (Comprehensive) on page 65.

CIP Committee

Due to the magnitude of this project, we recommended that a CIP Committee be formed to complete many of the steps outlined in this Handbook.

To start, gather a team of individuals with relevant skills to assist in collecting and organizing data. Some parishes may choose to hire building consultants to complete some of the work in this project.

Building consultants and engineers can offer specialized knowledge and expertise in evaluating the parish's property for a fee. They can identify structural problems manifesting but have little impact on routine and current operations.

Using this insight will be helpful to include in your CIP for future planning.

The team should represent diverse expertise or professions, such as the building trades, engineering, design, architecture, and finance. It is also important to keep the team small enough to be nimble in researching and advising.

It is recommended that the following stakeholders are recruited to the CIP Committee:

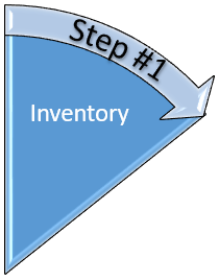
- Business Administrator
- Parish Accountant
- Facilities Manager/Facilities Committee member
- Ministry Leaders, as appropriate
- Trustee
- Parish Finance Council member
- Parish Pastoral Council member
- Architect/Building Consultant
- Pastor, as needed for consultation and approvals

With proper supervision and coordination, physical inventory is often done with the assistance of CIP Staff, Committee members, paid building consultants, or additional volunteers.

Asset valuations may be completed by Parish Business Administrator, Accountant, Finance Council Members and Trustees.

Step #1 Inventory

Create and maintain an inventory listing of assets on hand.



The Asset Listing is a detailed inventory of all physical assets in use by a parish, cemetery or school. It includes all assets that are currently capitalized, along with other assets that are material but were previously expensed. It also includes assets that have been fully depreciated but are still in use.

The inventory listing should contain a complete list of the systems, components, appliances, and equipment that may need major repairs or replacements in the future.

The inventory listing reflects the **current condition** of the parish's property.

The Asset Listing should be updated when assets are acquired or disposed. The listing should be validated on a periodic basis, by verifying the existence of assets through a physical examination, also known as a physical inventory.

Building the Asset Listing will take time initially, but the data collected and the ability to analyze the data will prove to be invaluable in the long run.

It is recommended that the CIP Committee begin by including the larger Fixed Assets, such a buildings, land, vehicles, etc. then continue the inventory of mid-size items, such as kitchen equipment, floor cleaning equipment, computer servers, and furniture. In accordance with the Parish's Capitalization Policy, smaller items may then be included in the Asset Listing, such as laptop computers, shelving, and folding chairs.

Along with identifying information for each asset on the Asset Listing; acquisition dates, historical cost values and other information should be included on the Asset Listing. Note that total historical cost, depreciation and accumulated depreciation related to all capitalized assets should tie to the general ledger.

It should be the goal of the parish to have a complete inventory of all items that may need to be repaired or replaced in the future.

Having a complete Asset Inventory will also assist the parish who experiences theft, disaster or loss by fire, when submitting losses for insurance recovery.

The following list provides additional details regarding the creation and maintenance of the Asset Listing.

1. Conduct a physical inventory examination of assets on a regular basis – at least annually.

2. Create or update the Asset Listing –all physical assets including those assets that are capitalized, recorded in expense accounts and assets that are fully depreciated but still in use.

    a. Maintain a spreadsheet, subsidiary ledger, or utilize the ParishSOFT Fixed Assets module.

    b. Determine Asset Classification.

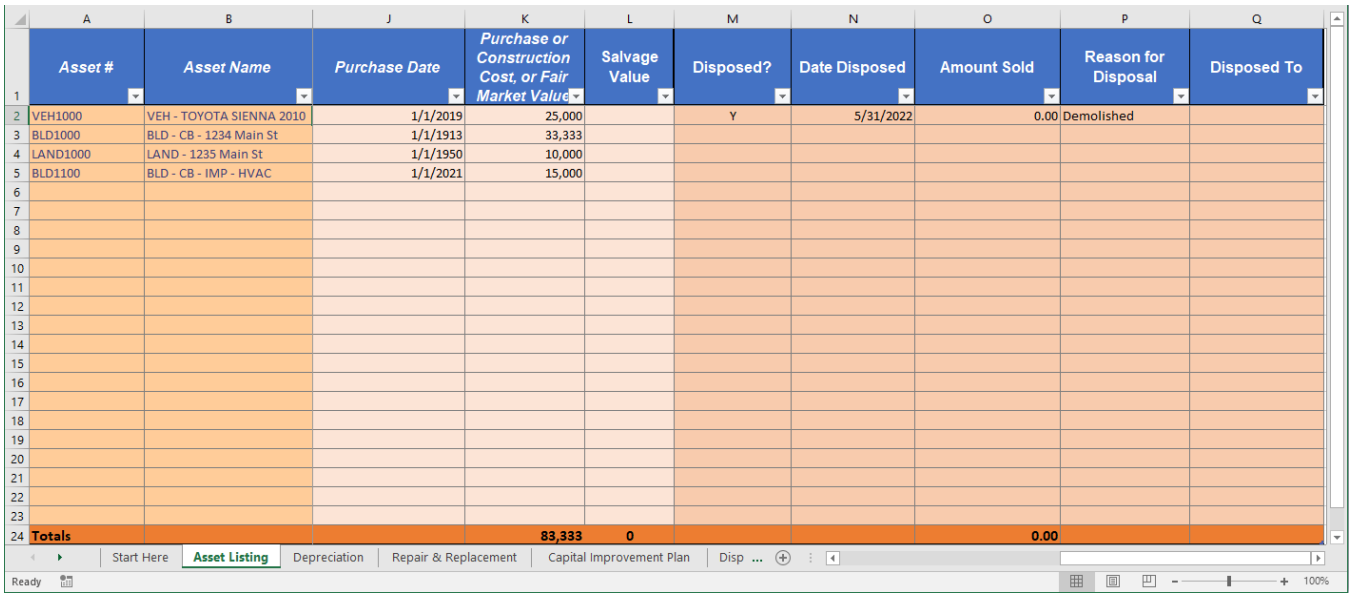
3. State asset at cost value.

If invoices are unavailable, try to determine the original cost of the Fixed Asset by one of the following:

- Obtain original proxy request documents if applicable.
- Review additions submitted to Catholic Mutual (you'll need to know the year).
- Review additions submitted to the Archdiocese via the Annual Parish Financial Reports (you'll need to know the year).
- If the above are not available, estimate purchase cost at estimated market value at time the asset was placed into service.

a. Use invoices, contracts from construction company or other sources to determine cost.

b. If assets are received as a donation, record assets at market value at time of donation.



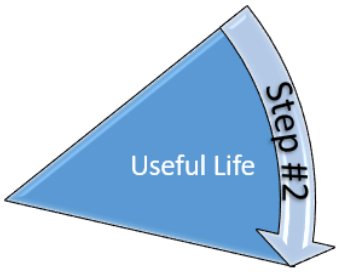
	A	B	J	K	L	M	N	O	P	Q
1	*Asset #*	*Asset Name*	*Purchase Date*	*Purchase or Construction Cost, or Fair Market Value*	Salvage Value	Disposed?	Date Disposed	Amount Sold	Reason for Disposal	Disposed To
2	VEH1000	VEH - TOYOTA SIENNA 2010	1/1/2019	25,000		Y	5/31/2022	0.00	Demolished	
3	BLD1000	BLD - CB - 1234 Main St	1/1/1913	33,333						
4	LAND1000	LAND - 1235 Main St	1/1/1950	10,000						
5	BLD1100	BLD - CB - IMP - HVAC	1/1/2021	15,000						
24	**Totals**			**83,333**	**0**			**0.00**		

Start Here | Asset Listing | Depreciation | Repair & Replacement | Capital Improvement Plan | Disp ...

Ready

Step #2 Useful Life

Assess the Assets Useful Life



Assessing useful life calls for an assessment of when and how often replacements are made. The normal and actual service life of major components are two of the most important pieces of information in a Capital Improvement Plan.

For each Asset, you need to know:

- Remaining useful life – **when** the next replacement will occur, and
- Normal useful life – **how often** future replacements will be necessary

The normal useful life of each item is based on industry standards, but there are other factors that can affect the "normal useful life" of your property.

A component's "effective age" is the basis of the remaining useful life. The "effective age" means that the component is better or worse than its age suggests. For example, the normal "age" to replace an appliance may be in the range of 5-10 years.

However, with good preventive maintenance and care, the appliance may not need replacement for 10-15 years. The useful life estimates will have a major impact on the necessary annual allocation to the replacement reserve.

	A	B	C
1	*Asset Class*	*Useful Life*	*Depreciate*
2	Building	90	Y
3	Building Improvements	40	Y
4	Construction in Process		N
5	Equipment	15	Y
6	Furniture and Office Equipment	10	Y
7	Land		N
8	Land Improvements	20	Y
9	Vehicles	6	Y

Some of the conditions that may result in a reduction in useful life are:

- poor quality construction methods
- poor quality materials
- inadequate maintenance
- microclimate conditions that increase wear, such as salt-water atmosphere, freeze-thaw cycles, local humidity levels, etc.
- higher than normal wear and tear

See Appendix E – Useful Life Standards on page 73 for a detailed list of assets and structural repairs including industry standard useful life recommendations.

Condition Survey

A Condition Survey can help you assess the remaining useful life of building components. The Condition Survey contains information about immediate or possible problems with the condition of your property. A qualified engineer, an inspector or a building consultant conducts a survey by inspecting the property and preparing a report with observations and recommendations.

The Condition Survey should include the following information:

- an inventory of all the property's systems, components and equipment
- observations about problems related to building safety, structural integrity, building function and compliance with building codes
- building consultant's insights on the cause of each problem and recommendations for follow-up, and
- estimates for normal life and remaining life(actual conditions of your property are the basis of these estimates)

The assessment provides useful life estimates and develops priorities for future replacements. The survey is especially useful in preparing a Capital Improvement Plan for the first time. This survey could form part of the regular inspection of your project where funding agencies want them.

In addition, you may also ask a building consultant or inspector to provide:

- advice on preventive maintenance routines and other steps to prolong the useful life of items
- recommendations for any additional study or testing that is useful
- priority lists for the replacements, especially those needed in the next three to five years

Estimate Replacement Costs

At this stage of planning, you may estimate the cost of making major repairs or replacements. There are three ways to get estimates of replacement costs:

- develop your own estimates by talking to contractors and suppliers
- research online
- hire a building consultant

Bring the estimates of replacement costs up to date on a regular basis, usually every three years.

Major replacement jobs may involve extra costs for design fees, project manager, miscellaneous expenses, and soft costs, such as extra staff time to coordinate the work.

Step #3: Depreciate

Allocate the historical cost over the useful lives of the assets by recognizing depreciation expense

Depreciation is the process in which an asset's cost is allocated and expensed over the duration of its useful life. The purpose of recording depreciation as an expense is to spread the initial price of the asset over the period in which the asset will be used. Note that if a parish or school is implementing a new fixed asset policy, adjustments and estimates will be needed to properly account for assets already in use.

1. To calculate depreciation, divide the cost of the asset by the useful life in years. This calculation is known as the straight-line method and is generally acceptable for parish assets.
2. In the year of asset acquisition and the year of asset disposal, prorate the depreciation expense for the number of months the asset was in service during that year.
3. Recognize depreciation expense in the financial statements.
4. Include depreciation as an expense in operational budget planning.
5. Set aside funds for future asset purchases. Depreciation expense, repair and replacement requirements and future capital purchases should be considered in totality when calculating funding reserve requirements.

Straight Line Depreciation =

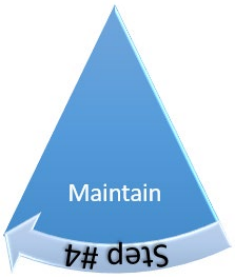
Cost of Asset ÷ by Useful Life

	A	B	C	D	E	F	G	H	I	J	K
1	Asset #	Asset Name	Purchase Date	*Purchase or Construction Cost, or Fair Market Value*	Useful Life	Depreciate	# of Fiscal Years of Prior Accumulated Depreciation (Years.Months)	Salvage Value	Prior Year Accumulated Depreciation Total	Current Year Depreciation	Net Book Value
2	VEH1000	VEH - TOYOTA SIENNA 2010	1/1/2019	25,000.00	6	Y	3.42		14,236.11	0.00	Disposed
3	BLD1000	BLD - CB - 1234 Main St	1/1/1913	33,333.00	90	Y	90.00		33,333.00	0.00	0.00
5	BLD1100	BLD - CB - IMP - HVAC	1/1/2021	15,000.00	40	Y	1.42		531.25	375.00	14,093.75
24	Totals			73,333.00				0.00	48,100.36	375.00	14,093.75

Start Here | Asset Listing | Depreciation | Repair & Replacement | Capital Improvement Plan | Disposal | Export File to PSA

Step #4: Maintain

Repair and Replacement Schedule



The Repair and Replacement Schedule builds on information already included on the parish, cemetery and school's Asset Listing. It is a timeline showing the replacements for each year. It can predict the withdrawals from the Capital Improvement Fund for each year in the plan.

In addition to the basic identification and historical cost information, it also contains the number of years before predicted repair or replacement, estimated current repair or replacement costs and the future replacement costs.

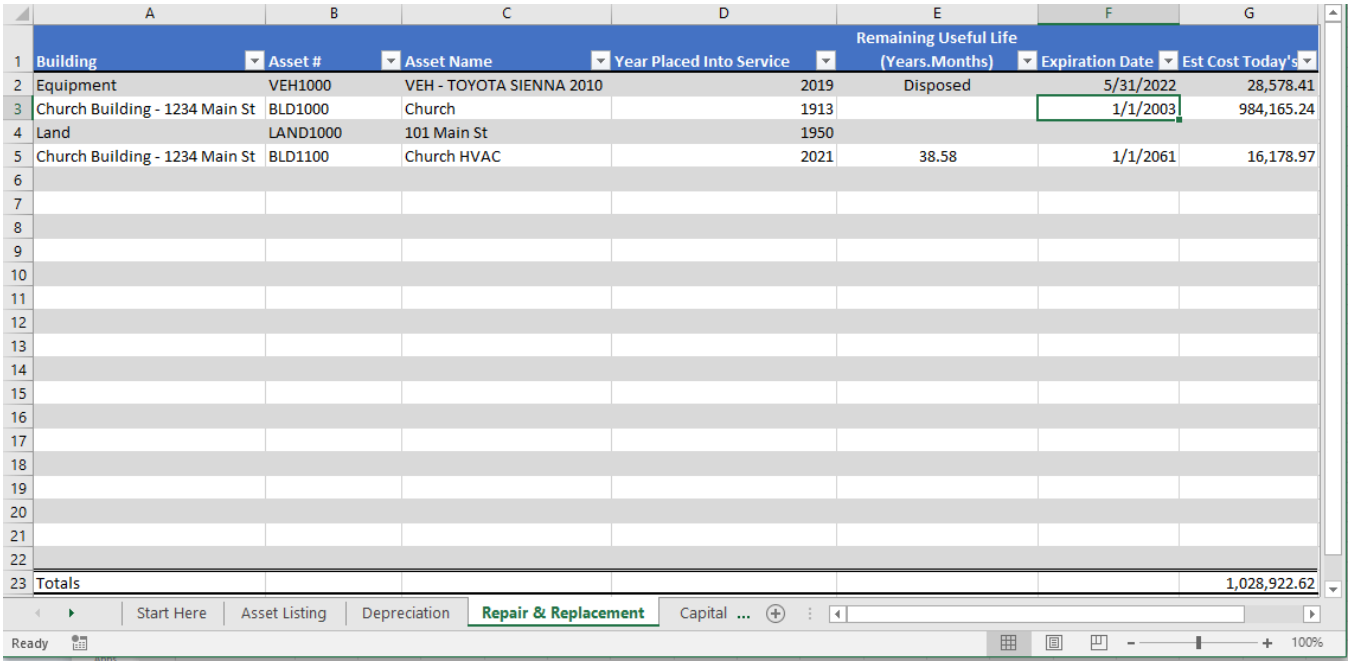
As of the effective date of this policy, Catholic Mutual requires an annual update to every parish's itemized list of assets and property including roofs, windows, sidewalks, HVAC, parking lots, flooring, tuck pointing, and other capital assets that will need repair or replacement. Currently, submitting this documentation, along with other PACE/PRISM program requirements, qualifies parishes and schools for discounted property insurance rates. Further information, a sample Repair and Replacement schedule and PACE/PRISM program details are available from Catholic Mutual at 651-290-1605.

The following list provides additional details regarding the creation and maintenance of the Repair and Replacement Schedule.

1. Create or update the Asset Listing
2. Add the following information for each asset:
    a. Add historical cost value if not already stated.
    b. Determine remaining useful life of each asset. Note that this may be different from the useful life used in the depreciation calculation.
    c. Estimate current annual inflation rate.
    d. Calculate future replacement cost.
    e. Update the Repair and Replacement Schedule on a regular basis – at least annually.
    f. Circulate the schedule on a regular basis for review by building and grounds committee members, facility manager, maintenance staff and other key stakeholders.
    g. Sort the schedule by funding requirements, project priority and fiscal year. Provide annual funding requirements to parish administrator, pastor, finance council members and other key parish leaders.

Catholic Mutual requires an annual update to every parish's itemized list of assets and property that will need repair or replacement, along with other PACE/PRISM program requirements, qualifies parishes and schools for discounted property insurance rates.

Example Repair & Replacement Schedule:



	A	B	C	D	E	F	G
1	Building	Asset #	Asset Name	Year Placed Into Service	Remaining Useful Life (Years.Months)	Expiration Date	Est Cost Today's
2	Equipment	VEH1000	VEH - TOYOTA SIENNA 2010	2019	Disposed	5/31/2022	28,578.41
3	Church Building - 1234 Main St	BLD1000	Church	1913		1/1/2003	984,165.24
4	Land	LAND1000	101 Main St	1950			
5	Church Building - 1234 Main St	BLD1100	Church HVAC	2021	38.58	1/1/2061	16,178.97
6							
7							
8							
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16							
17							
18							
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20							
21							
22							
23	Totals						1,028,922.62

Start Here | Asset Listing | Depreciation | Repair & Replacement | Capital ...

Ready

Step #5: Dispose

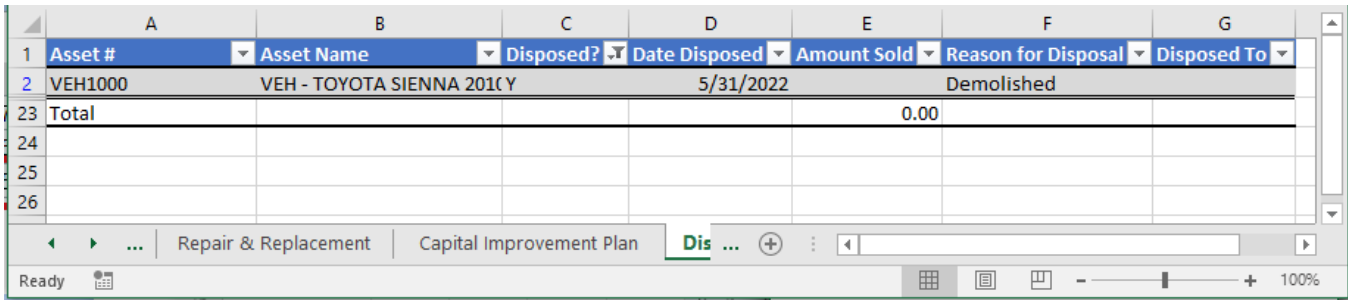
Upon asset disposal, remove from the Asset Listing

Adjustments to both the Asset Listing and the Repair and Replacement Schedule must be made when an asset has been removed from service. These adjustments also need to be made to the Statement of Financial Position.

The following list provides additional details regarding asset disposal adjustments.

1. If applicable, calculate accounting gain or loss related to asset disposal.
2. Remove asset from the Asset Listing.
3. If applicable, remove asset historical cost and accumulated depreciation from the Statement of Financial Position.
4. Record any accounting gain or loss on the Statement of Activities.

See Example – Disposal of Parish Property on page 37 for more information.



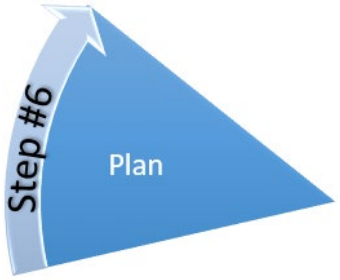
	A	B	C	D	E	F	G
1	Asset #	Asset Name	Disposed?	Date Disposed	Amount Sold	Reason for Disposal	Disposed To
2	VEH1000	VEH - TOYOTA SIENNA 201(	Y	5/31/2022		Demolished	
23	Total				0.00		
24							
25							
26							

... | Repair & Replacement | Capital Improvement Plan | Dis ...

Ready

Step #6: Plan

Maintain or create pastoral/strategic plan for assets



A Capital Improvement Plan (CIP) is a comprehensive long range plan (greater than 3 years) which identifies desired/required capital projects and equipment purchases. A Capital Improvement Plan also identifies funding sources for these projects.

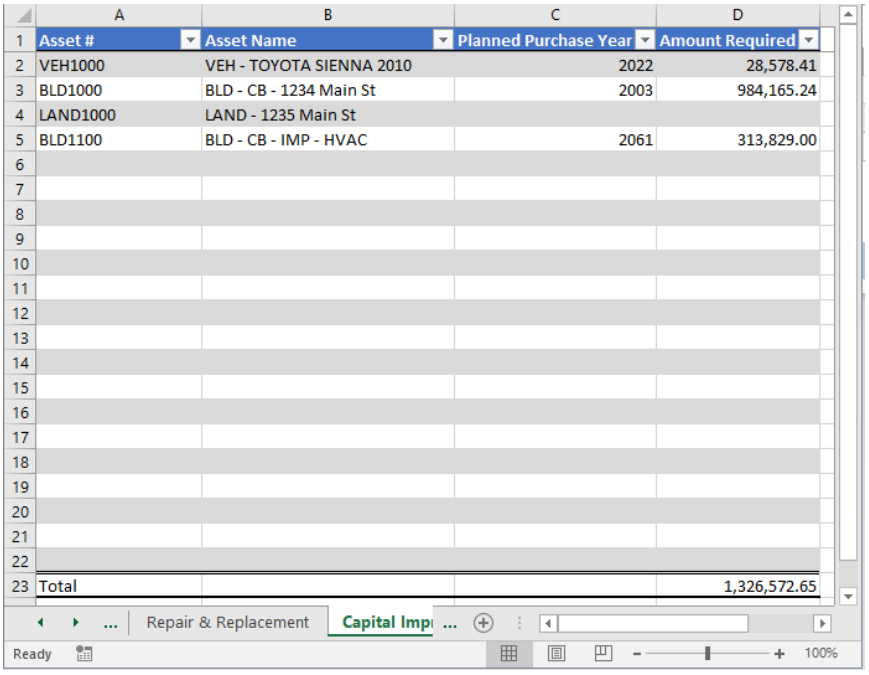
There are many benefits to maintaining a Capital Improvement Plan which include the following:

- Provides a process to evaluate all potential projects at the same time
- Prioritizes projects to correspond to the mission of the parish
- Offers a proactive approach to funding projects, major repairs and asset replacements
- Acts as a tool to communicate implementation of pastoral/strategic plan with parishioners, staff and parents
- Stabilizes funding and enables consolidation of projects in order to reduce borrowing costs
- Stabilizes parish operations by projecting and prioritizing projects and the corresponding funding

The Capital Improvement Plan builds upon information in the Asset Listing and Repair and Replacement Schedule by evaluating future asset purchases, replacements and major improvements.

To create and/or maintain a Capital Improvement Plan (CIP), perform the following tasks.

1. Take/update inventory of physical assets (see Step #1 Inventory on page 13).
2. Review Repair and Replacement Schedule for potential parish, cemetery and school projects (see Step #4: Maintain on page 19).
3. Solicit and evaluate new project requests.
4. Prioritize projects.
5. Assess financial capability.
6. Develop funding plan.
7. Manage approved projects.
8. Update both the Asset Listing and the Repair and Replacement Schedule upon the completion of projects.



	A	B	C	D
1	Asset #	Asset Name	Planned Purchase Year	Amount Required
2	VEH1000	VEH - TOYOTA SIENNA 2010	2022	28,578.41
3	BLD1000	BLD - CB - 1234 Main St	2003	984,165.24
4	LAND1000	LAND - 1235 Main St		
5	BLD1100	BLD - CB - IMP - HVAC	2061	313,829.00
23	Total			1,326,572.65

Repair & Replacement | Capital Imp ... | Ready | 100%

9. Set achievable goals and timeframes by preparing a project plan.
10. Communicate on a regular basis to staff and parishioners the priority and status of projects on the Capital Improvement Plan.

Step #7: Fund

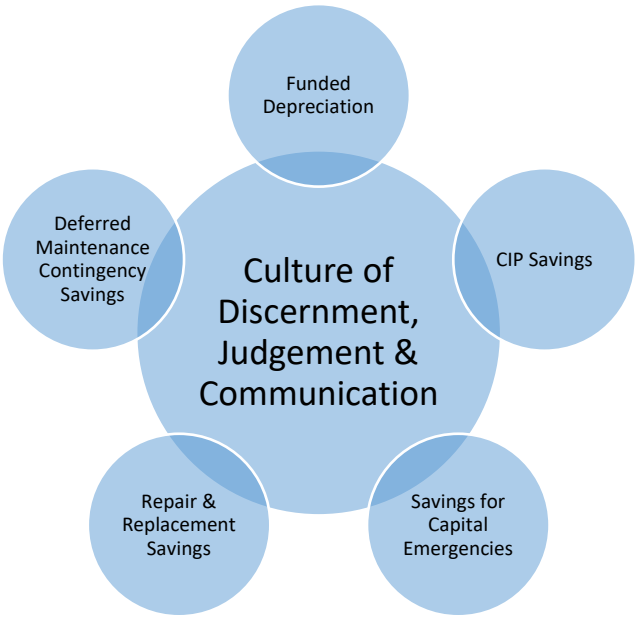
Funding for Fixed Assets

One of the primary goals of fixed asset management is to work towards proper fixed asset funding. Depreciation expense, repair and replacement requirements and future capital purchases should be considered in totality when calculating funding reserve requirements.

The following list includes typical tasks associated with funding capital spending and using a Repair and Replacement Schedule and Capital Improvement Plan.

1. Review Asset Repair and Replacement Schedule and Capital Improvement Plan on a regular basis – at least annually. Update as needed.
2. Include depreciation expense in budget planning cycles and set aside depreciation funds accordingly.
3. Determine other asset funding requirements as outlined on the Asset Repair and Replacement Schedule and Capital Improvement Plan and set aside funds accordingly.
4. Build adequate capital reserves to address deferred maintenance needs and provide for emergency capital spending. If capital reserve savings policies exist, build reserves in accordance with policies.
5. Communicate with parishioners, staff and key stakeholders throughout all phases of fixed asset funding process.

Example



If adequate funding is not available, determine the next steps:

- Spread out the timing of fixed asset repairs, replacements or additions.
- Solicit funds from parishioners via a capital campaign[1] or in-parish request.
- Borrow money for purchases in accordance with Archdiocesan policies.
- Sell unused or unneeded assets[1].

[1] Proxy may be required. See 216 – Required Approvals for Parish Corporate Actions (Proxies)

Phase II – Fixed Asset Valuations

US GAAP requires that fixed assets such as buildings, equipment, and furniture be recorded at historical cost and then depreciated periodically based on the assets' useful life.

There are two recognition methods approved by US GAAP:

- If items were donated, record at fair market value
- All other items should be recorded at historical (acquisition) cost

US GAAP prohibits organizations from increasing the value of their fixed assets (in their general ledger) from increases in market values. This differs from investments (stocks and bonds), which are carried at fair market value and re-measured annually based on changes in market conditions.

The amount initially recognized for contributed fixed assets should include all the costs incurred by the organization to place the assets in use, such as installation costs. (FASB ASC 958-360-30)

Parishes must also review or establish a Capitalization Policy to determine what assets in the parish inventory listing qualifies as a Fixed Asset on the Statement of Financial Position.

Research Historical Costs of Fixed Assets

Parishes must complete due diligence in researching historical costs of fixed assets. For fixed assets that were purchased or constructed several years prior, parishes may find the need to review the following to ascertain historical costs:

- Physical Receipts
- Accounting Records
- Finance Council Minutes
- Catholic Mutual/Insurance Additions
- Proxy Requests
- Annual Parish Financial Reports (APFR)

If due diligence in researching the actual historical value was not successful in ascertaining historical costs using the methods listed above, estimate purchase cost at market value at time the asset was placed into service.

Notes to the Financial Statements must include research methodology for determination of historical costs of Fixed Assets added or adjusted on the Statement of Financial Position.

Depreciation

Depreciation expense allows the parish to spread out the cost of the fixed asset over multiple years versus one year (year of acquisition). There is a more accurate depiction of the benefits derived from the asset.

While some parishes may not want to record depreciation, due to this non-cash expense and the interplay in the annual operating budget, depreciation is required by US GAAP and will be reviewed during the parish audit.

Budgeting for depreciation helps the organization prepare for anticipated and unanticipated fixed asset purchases.

Example of Benefits of Budgeting for Depreciation

Let's say that the Church of the Good Example purchased new hardwood flooring for the Church, Rectory and Convent Buildings for a total of $50,000.

Instead of recording an expense on the Statement of Activities for the full $50,000 when the flooring is installed, an accounting entry shifts $50,000 cash from the checking or savings account to fixed assets on the Statement of Financial Position.

Then, every year, a portion of the fixed asset's value is recorded as an expense on the Statement of Activities. This is calculated using a straight-line depreciation equation by simply dividing the fixed asset purchase equally over a set number of years expected to be its useful life. For instance, the flooring that they purchased would deprecate over 10 years, so we would record $5,000 as an expense each year, over the ten years.

Say the Church of the Good Example maintains an operating budget of $600,000 and raises that amount in revenue to generate break-even results each year.

A simple way to address annual $5,000 entry would be to add the depreciation expense to its $600,000 operating budget in order to create a revenue target of $605,000.

Essentially, after raising the $605,000 in revenue and spending $600,000 in cash expenses, the Parish will have $5,000 left over that it can set aside into Capital Improvement Fund.

After the amortized ten years, the Parish will have saved $50,000, enough perhaps to replace the flooring. This does not take into consideration inflation.

Adding, Adjusting and Removing Fixed Assets

As the parish completes its research on Fixed Asset valuations, adds new assets or establishes a Capital Policy benchmark, adjustments to the parish's accounting system will be required.

Fixed Asset and corresponding Accumulated Depreciation Account Codes

Each Parish must decide which Fixed Asset account code to use that best describes the parish's assets. The following is the list of Fixed Assets Object Codes and how each should be categorized.

Code	Description	Standardized Use of Account	Add'l Notes
1300	**Land**	Represents cost of land owned by the parish or school.	Record purchase cost of the land. Create a sub-account and enter a description of the land and street address. Improvements to Land, such as irrigation, roads and sidewalks may be entered as sub-accounts in this category. Do not record depreciation.
1311	**Buildings - Church**	Building purchased or constructed for continued and long-term use for the celebration of liturgical acts.	Record purchase cost of the church building or construction costs to build church building. Include church, chapel, oratory, basilica, etc. in this category. Church Building Improvements may be added as a sub-account within this category.
1312	**Buildings - School**	Building purchased or constructed for continued and long-term use for the current parish or regional school.	Record purchase cost of the school building or construction costs to build school building. Create a sub-account and enter a description of the building and street address. School Building Improvements may be added as a sub-account within this category.
1313	**Buildings - Rectory**	Building purchased or constructed for continued and long-term, which functions as the residence for the priest(s) assigned to the parish.	Purchase cost of the rectory building (building which functions residence for the priest(s) assigned to the parish) or construction costs to build rectory building. Create a sub-account and enter a description of the building and street address. Rectory Building Improvements may be added as a sub-account within this category.

Code	Description	Standardized Use of Account	Add'l Notes
1314	**Buildings - Convent**	Purchase cost of the convent building (residential building for religious brothers, religious sisters or a religious community) or construction costs to build convent building.	Purchased for continued and long-term use the current parish convent. Create a sub-account and enter a description of the building and street address. Convent Building Improvements may be added as a sub-account within this category.
1315	**Buildings - Parish Center**	Purchase cost of the parish center building or construction costs to build parish center building.	Purchased for continued and long-term use for the current parish center. Create a sub-account and enter a description of the building and street address. Parish Center Building Improvements may be added as a sub-account within this category.
1316	**Buildings - Social Hall**	Purchase cost of the Social Hall building or addition, or construction costs to build Social Hall building or addition.	Purchased for continued and long-term use for the current parish Social Hall. Create a sub-account and enter a description of the building and street address. Social Hall Building Improvements may be added as a sub-account within this category.
1317	**Buildings - Other**	Purchase cost of the other buildings not specified above or construction costs to build other buildings not otherwise specified.	Purchased for continued and long-term use for a building not otherwise specified. Create a sub-account and enter a description of the building's use. Other Building Improvements may be added as a sub-account within this category.
1318	**Buildings – Rental Property**	Purchase cost or construction costs to build Rental Property.	Purchased for continued and long-term use as a Rental Property. Create a sub-account and enter a description of the building and street address. Rental Property Improvements may be added as a sub-account within this category.
1319	**Buildings – Preschool/Daycare**	Purchase cost of the Preschool or Daycare building or addition, or construction costs to build	Purchased for continued and long-term use as a Preschool or Daycare facility.

Code	Description	Standardized Use of Account	Add'l Notes
		Preschool or Daycare building or addition.	Create a sub-account and enter a description of the building and street address. Preschool/Daycare Improvements may be added as a sub-account within this category.
1320	**Equipment**	Cost of tangible assets, generally in operation for over 12 months, which cannot be easily converted to cash.	Examples include pipe organ, commercial kitchen equipment, pews.
1330	**Leasehold Improvements**	Cost of leasehold improvements (buildings not owned by parish, but leased by parish).	A leasehold improvement is an improvement made to a leased building by a parish that has the right to use this leasehold improvement over the term of the lease. This improvement will revert to the lessor at the expiration of the lease.
1340	**Garage/Storage Buildings**	Purchase cost or construction costs of garage or storage buildings.	Purchased for continued and long-term use as a garage or storage building. Create a sub-account and enter a description of the building and street address. Garage or Storage Building Improvements may be added as a sub-account within this category.
1341	**Outdoor Shelter – Pavilion / Gazebo / Dugout**	Purchase cost or construction costs of stand-alone outdoor shelters such as pavilion, gazebo or dugout.	Purchased for continued and long-term use as an Outdoor Shelter. Create a sub-account and enter a description of the outdoor shelter and street address. Outdoor Shelter Improvements may be added as a sub-account within this category.
1342	**Bell Tower**	Purchase cost or construction costs of stand-alone Bell Tower.	Purchased for continued and long-term use as a Bell Tower. Bell Tower Improvements may be added as a sub-account within this category.
1343	**Buildings – Utility / Maintenance**	Purchase cost or construction costs of stand-alone utility or maintenance building.	Purchased for continued and long-term use as a Utility or Maintenance Building. Create a sub-account and enter a description of the Utility/Maintenance Building and street address.

Code	Description	Standardized Use of Account	Add'l Notes
			Utility/Maintenance Building Improvements may be added as a sub-account within this category.
1344	**Buildings - Columbarium**	Purchase cost or construction costs of columbarium, defined as a building with niches for funeral urns to be stored.	
1350	**Furniture and Fixtures**	Cost of movable furniture, fixtures or other equipment that have no permanent connection to the structure of a building or utilities.	Examples include desks, chairs, computers, electronic equipment, tables, bookcases and partitions.
1355	**Art & Antiques**	Works of art, such as paintings, sculpture, or antiques such as rare books and documents, and other items held for display or study.	See Appendix E – Collections (Art & Antiques) on page 87 for complete information.
1358	**Sacred & Liturgical**	Cost of sacred or other objects used in liturgical celebrations.	Examples include Chalices, Patens, Ciboria, Pyxes, and Monstrances. Do not record depreciation.
1411	**Accumulated Depreciation - Church Building**	Contra Asset - Accumulated balance of any depreciation expensed for the Church Building.	Debit 6280.00CB Depreciation Expense and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1412	**Accumulated Depreciation - School Building**	Contra Asset - Accumulated balance of any depreciation expensed for the School Building.	Debit 6280.00SB Depreciation Expense and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1413	**Accumulated Depreciation - Rectory Building**	Contra Asset - Accumulated balance of any depreciation expensed for the Rectory Building.	Debit 6280.00RB Depreciation Expense and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.

Code	Description	Standardized Use of Account	Add'l Notes
1414	**Accumulated Depreciation - Convent Building**	Contra Asset - Accumulated balance of any depreciation expensed for the Convent Building.	Debit 6280.00CV Depreciation Expense and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1415	**Accumulated Depreciation – Parish Center**	Contra Asset - Accumulated balance of any depreciation expensed for the Parish Center Building.	Debit 6280.00CT Depreciation Expense and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1416	**Accumulated Depreciation – Social Hall**	Contra Asset - Accumulated balance of any depreciation expensed for the Social Hall Building.	Debit 6280.00SH Depreciation Expense and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1417	**Accumulated Depreciation - Other Building**	Contra Asset - Accumulated balance of any depreciation expensed for Other Buildings not otherwise specified.	Debit 6280.00OB Depreciation Expense and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1418	**Accumulated Depreciation – Rental Property**	Contra Asset - Accumulated balance of any depreciation expensed for Rental Properties.	Debit 6280.00RP Depreciation Expense and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1419	**Accumulated Depreciation – Preschool/Daycare**	Contra Asset - Accumulated balance of any depreciation expensed for a Preschool or Daycare Building.	Debit 6280.00PS or 6280.00DC Depreciation Expense and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1420	**Accumulated Depreciation - Equipment**	Contra Asset - Accumulated balance of any depreciation expensed for Equipment.	Debit 6280 Depreciation Expense in the associated Ministry Code and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1440	**Accumulated Depreciation - Garage/Storage Buildings**	Contra Asset - Accumulated balance of any depreciation expensed for Garage or Storage Buildings.	Debit 6280.00GO Depreciation Expense and credit accumulated depreciation.

Code	Description	Standardized Use of Account	Add'l Notes
			If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1441	**Accumulated Depreciation - Outdoor Shelter – Pavilion / Gazebo / Dugout**	Contra Asset - Accumulated balance of any depreciation expensed for Outdoor Shelters, such as a pavilion, gazebo or dugout.	Debit 6280.00GO Depreciation Expense and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1442	**Accumulated Depreciation - Bell Tower**	Contra Asset - Accumulated balance of any depreciation expensed for a stand-alone Bell Tower.	Debit 6280.00GO Depreciation Expense and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1443	**Accumulated Depreciation - Utility/Maintenance Building**	Contra Asset - Accumulated balance of any depreciation expensed for a stand-alone Utility or Maintenance Building.	Debit 6280.00GO Depreciation Expense and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1444	**Accumulated Depreciation - Columbarium**	Contra Asset - Accumulated balance of any depreciation expensed for a Columbarium (Cemetery Operations only).	Debit 6280.00C Depreciation Expense and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.
1450	**Accumulated Depreciation - Furniture and Fixtures**	Contra Asset - Accumulated balance of any depreciation expensed for Furniture and Fixtures.	Debit 6280 Depreciation Expense in the associated Ministry Code and credit accumulated depreciation. If an asset is sold or written off, the value of the asset is removed from the accumulated balance.

Fixed Asset Sub-Account Naming Conventions

Parishes should insert sub-accounts under the Fixed Asset Object Codes (listed above) to include a description of the Fixed Asset and in the case of Land and Buildings, should include the physical address. Sub-account Descriptions are limited to 40 characters, so it may be necessary to abbreviate.

For example, if the church building is located at 1234 Main Street, the rectory is located at 555 1st Avenue, and the School Building is located at 9876 Broadway Drive, the sub-accounts should be entered as follows:

- 1311.01P Building – Church – 1234 Main St
- 1313.01P Building – Rectory – 555 1st Ave
- 1312.01P Building – School – 9876 Broadway Dr

Recording Fixed Assets

Utilize the following examples for the scenario which fits your parish's situation:

Example – Recording New Fixed Asset via Cash Purchase

Chart of Account #	***Description***	***Debit***	***Credit***
Parish purchases new desks, chairs and credenza for the office. The new furniture is added to the Asset Listing and the check is issued to Staples Office Supply.			
1350	Furniture and Fixtures	8,500	
1000	Cash		8,500

Example – Recording New Fixed Asset via Contribution (without donor restrictions)

Chart of Account #	***Description***	***Debit***	***Credit***
Parish receives a bequest of one acre of land adjacent to the parish. An appraisal of the land indicated the value was determined to be $100,000. There were no restrictions on the donation nor did the donor specify in their will whether the land should be used or sold. The Parish's Gift Acceptance Committee determined the best use of the gift was a parking lot addition. Notes to the Financial Statements included a copy of the parish's Gift Acceptance Policy and Gift Acceptance Committee minutes determining the disposition of this gift. A copy of the appraisal completed for fair market value determination.			
1311	Land	100,000	
4630	Contributed Land – Unrestricted		100,000

Example – Recording New Fixed Asset via Loan

Chart of Account #	***Description***	***Debit***	***Credit***
An historic home adjacent to the church building recently came up for sale. Parish Leadership decided to purchase this building to replace the old rectory building which was in dire need of structural repairs. After the parish's purchase agreement was accepted by the seller, and a proxy for the purchase of the home and the loan had been approved, parish leadership chose to take out a loan for the purchase of the new Rectory Building as well as any cosmetic updates needed. **Recording the Loan:** A loan of $500,000 is taken out from the parish's local bank over 10 years at 8.5% APR.			
1000	Cash	500,000	
2400	Note Payable – Long Term *Loan Balance (Principal)*		500,000
Payment of the Closing Costs: The parish chooses to pay the loan closing costs of 2% out of their existing cash (closing costs are not financed):			
1000	Cash		10,000
6230	Interest Expense/ *Discount Points*	3,000	
6240	*Bank Charge/Fee Exp Origination Fees*	3,500	
6110	Professional Services Exp *Appraisal Fee*	500	
6270	Municipal Assessment/ *Transfer Taxes & Property Tax Reserves*	3,000	
Purchase Capital: The proceeds of the loan are then used for a capital purchase.			
1300-1350	Fixed Asset	500,000	
1000	Cash		500,000

Example – Recording New Fixed Asset upon the completion of a Capital Campaign

Chart of Account #	***Description***	***Debit***	***Credit***
3-year capital campaign to build a new addition to parish center has been completed. Original communication to contributors included notification that surplus funds would be released to Parish Operations. The surplus funds for the capital campaign resulted in Capital Campaign Net Assets With Donor Restrictions of $10,000. All invoices from vendors have been received and paid. All outstanding transactions in capital campaign checking account have been cleared. Expenses for 3-year campaign to build the new addition totaled $250,000. Capital campaign checking account balance of $10,000 has been electronically transferred to the Parish Checking account.			
1000.XXP	Parish Checking	10,000	
1000.XXF	Capital Campaign Checking		10,000
To record the release of restriction of unspent funds to Parish Operations:			
4910.00F	GAAP Release With Donor Restrictions (Temp)	10,000	
4900.00F	GAAP Release Without Donor Restrictions		10,000
Parish requests a direct transaction to Net Assets following Standard Net Asset Protocol with appropriate backup documentation to record asset transfer and new Fixed Asset.			
3000.00F	Unrestricted Net Assets	10,000	
3000.00P	Unrestricted Net Assets		10,000
1315.XXP	Buildings – Parish Center	250,000	
3000.XXP	Unrestricted Net Assets		250,000

Example – Recording Existing Fixed Asset not previously recorded

Chart of Account #	***Description***	***Debit***	***Credit***
Parish reviews Statement of Financial Position after completing Asset Inventory and discovers the School Building was not previously recorded in the accounting system. The following information was researched and documented on the Financial Notes in the Financial Statement package to Finance Council. DATE OF ACQUISITION: July 1, 1990 ACQUISITION COSTS: $1,000,000 FISCAL YEAR OF CORRECTION: June 30, 2022 USEFUL LIFE: 50 YEARS ANNUAL DEPRECIATION EXPENSE: $20,000 Parish requests a direct transaction to Net Assets following Standard Net Asset Protocol with appropriate backup documentation to prior year depreciation (31 years * $20,000).			
1312	Buildings - School	1,000,000	
3000	Unrestricted Net Assets		1,000,000
Prior year depreciation is calculated for (31 years * $20,000) and included in transaction request.			
3000	Unrestricted Net Assets	620,000	
1412	Accumulated Depreciation – School Building		620,000
Parish records current year depreciation.			
6280	Depreciation Exp	20,000	
1412	Accumulated Depreciation – School Building		20,000

Example – Fixed Assets were originally recorded at a value higher than Acquisition Costs

Chart of Account #	***Description***	***Debit***	***Credit***
Parish researches historical cost of the Convent Building and discovers the amount on the Statement of Financial Position has been previously overstated. Research shows the Convent building was recorded at insurance value and not historical cost. US GAAP prohibits parishes from increasing the value of fixed assets in the general ledger from increases in market value. The value of the fixed asset must be reduced from the value currently recorded in the general ledger. The following information was researched and documented on the Financial Notes in the Financial Statement package to Finance Council. VALUE RECORDED ON SOFP: $1,300,000 ACQUISITION COSTS: $1,000,000 FISCAL YEAR OF CORRECTION: June 30, 2022 USEFUL LIFE: 50 YEARS ANNUAL DEPRECIATION EXPENSE: $20,000 Parish requests a direct transaction to Net Assets following Standard Net Asset Protocol with appropriate backup documentation to record the adjustment to the fixed asset.			
1314	Buildings - Convent		300,000
3000	Unrestricted Net Assets	300,000	
Parish had completed annual depreciation entries, however since the value of the asset was overstated, the accumulated depreciation and depreciation expense were also overstated. The following entry must be made to correct the overstatement of depreciation. Parish calculated prior years depreciation expense recorded for the Convent Building and calculated what the depreciation expense should have been at the correct historical value. The following information was researched and documented on the Financial Notes in the Financial Statement package provided to the Finance Council. ACCUMULATED DEPRECIATION – ORIGINAL $100,000 ACCUMULATED DEPRECIATION – CORRECTED $ 85,000 Parish requests a direct transaction to Net Assets following Standard Net Asset Protocol with appropriate backup documentation to record the adjustment to Accumulated Depreciation and Net Assets.			
1414	Accumulated Depreciation – Convent Building	15,000	
3000	Unrestricted Net Assets*		15,000
Current year Depreciation Entry is adjusted to reflect the corrected amount.			

Example – Disposal of Parish Property

Chart of Account #	***Description***	***Debit***	***Credit***
Parish disposes of a phone system with an original cost of $8,000 of which $6,000 has been expensed as depreciated to date. The phone system is removed from the Asset Listing and a journal entry is entered:			
1450	Accumulated Depreciation – Furniture & Fixtures	6,000	
4190	Sale of Property/Equipment/Land	2,000	
1350	Furniture and Fixtures		8,000

Example – Standard Depreciation Entry (Annual)

Chart of Account #	***Description***	***Debit***	***Credit***
Parish purchases a new laptop for $1200 and establishes a 5 year useful life in the parish Capitalization Policy. Annual depreciation is $240 per year for 5 years recorded annually:			
6280	Depreciation Exp	240	
1450	Accumulated Depreciation – Furniture & Fixtures		240

Example – Depreciation Catch-Up Entry for Depreciation Never Recorded

Chart of Account #	***Description***	***Debit***	***Credit***
Parish properly recorded the historical cost of the Rectory Building on the Statement of Financial Position, but never recorded Depreciation Expense. Net Assets are now overstated due to not recording Depreciation in prior fiscal years, and will need to be adjusted. The following information was researched and documented in the Financial Notes section of the Financial Statement package for the Finance Council and other leadership. DATE OF ACQUISITION: July 1, 1990 ACQUISITION COSTS: $1,000,000 FISCAL YEAR OF CORRECTION: June 30, 2022 USEFUL LIFE: 50 YEARS ANNUAL DEPRECIATION EXPENSE: $20,000 Parish requests a direct transaction to Net Assets following Standard Net Asset Protocol with appropriate backup documentation for prior year depreciation (31 years * $20,000).			
3000	Unrestricted Net Assets	620,000	
1413	Accumulated Depreciation – Rectory Building		620,000
Parish records current year depreciation.			
6280	Depreciation Exp	20,000	
1413	Accumulated Depreciation – Rectory Building		20,000

Phase III - Tracking Fixed Assets

Taking and maintaining an inventory of Fixed Assets is vital to keeping the parish's Fixed Asset up to date.

Parishes can choose to record the information by adding on the ParishSOFT Fixed Assets Module to their ParishSOFT Accounting system or recording the information in an Excel spreadsheet.

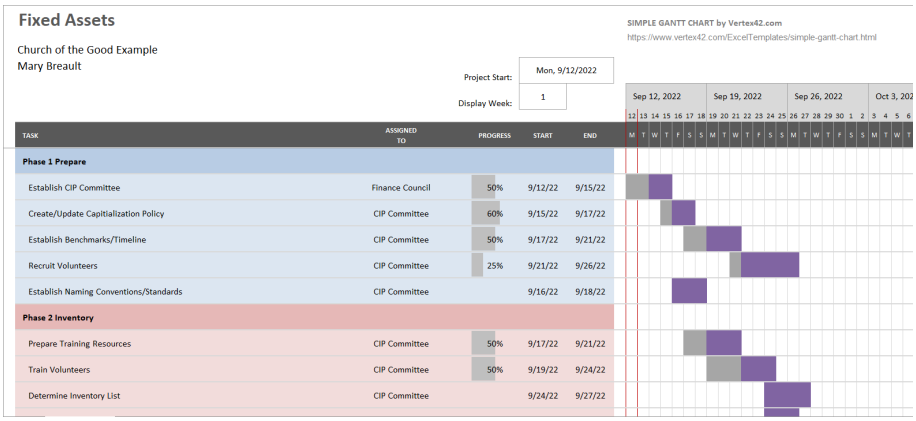
The Fixed Assets Worksheet template described on page 49 is available on the Resource Library / Publications website.

Set Expectations

Before each parish begins the process, understanding the current reality will help to establish expectations.

Does the parish have a capitalization policy in place? If not, take the time to establish this policy. Refer to the two Capitalization Policy templates on pages 64 and 65 to use as a base and modify as needed for your parish. This process could take a month or more.

Does the parish have a Capital Improvement Plan (CIP) Committee in place? A team of people to get this process up and running is critical. This is a detailed and comprehensive project, and not something that can be expected to be accomplished by a single individual. Gathering the right people to join a CIP Committee could take a month or two, depending on each parish.



Is this the parish's first real inventory or is the parish updating an inventory? If the parish is updating that inventory, how old is it? If it's 5-10 years old, it may be obsolete and may be easier to just start from scratch. Depending on your parish, the inventory process could take a couple of months to recruit staff and volunteers, get them trained, and to inventory everything in all of the various buildings that the parish owns.

If the parish is starting from scratch, researching historical costs could take several months. Research may entail reviewing computer records, parish archives, and requesting information from outside sources.

Inputting the data in ParishSOFT Accounting or in the Excel Spreadsheet could take another month or two. And of course, recording the depreciation for the first time could take several hours over the course of a month or two to ensure everything is entered properly.

Bottom line? This is a project that may take you up to a year from start to finish. Knowing the scope and timeline of the project is a critical component in undertaking the Fixed Assets project.

When preparing your timeline, include benchmarks. For example, "We need to have the Capitalization Policy approved and in place by August 15th". Determine what makes the most sense for your parish and enter those dates in your calendar and set reminders to help keep the project on track. As this project is in addition to daily activities of the parish, a calendar reminder is just the thing needed to keep progress on track and moving ahead.

Recruit volunteers, you'll need them! Again, depending on the size of the parish and the number of staff members, the parish may not have adequate staff to take the inventory. Reach out to your congregation, either from the pulpit or bulletin notices or both. Does the parish have a website? Can the parish send out a mass email? Do what is needed to do to get the word out that the parish is recruiting volunteers for this project.

Those volunteers will need to be trained. Most volunteers will follow the instructions you put out. Be thorough in your training protocol.

Preparing for the Fixed Asset Inventory

Each parish will need a Fixed Asset Inventory. A Fixed Asset Inventory is a listing of all of the assets in use by the Parish, Cemetery and School.

This includes anything that the parish may have already capitalized, meaning it's recorded in your Statement of Financial Position. The inventory will also includes anything material that has been previously expensed. Include those assets that you may be fully depreciated but are still in use. Include all the systems, components, appliances, and equipment that the parish may need to repair or replace in the future.

What else should be included in the Fixed Assets inventory? Land and Buildings, Vehicles and Equipment, such as lawnmowers and forklifts. Furniture and Fixtures should be included, such as desks, chairs, and shelving, as well as computers, electronics, and cell phones where the value falls within the parish's Capitalization Policy. Did the parish just purchase camera equipment for live streaming over the pandemic? These types of purchases should also be included.

Does the parish have church or school commercial equipment? Even a 3-compartment stainless steel sink can be costly to replace and if the purchase meets the capitalization criteria, those types of purchases may be included. If the purchase was originally expensed an adjusting journal entry will be required.

Don't forget about the parish's liturgical items and any works of art on the walls. While those items are typically not depreciable, if there were a fire at the parish, having an inventory of those items will help the parish go back to being whole after a fire.

Staff/Volunteer Training

When it comes time to take a Fixed Asset Inventory, gather the team that the parish has recruited and train them.

If the parish is using ParishSOFT Fixed Assets, have your volunteers sign up for PATHFinder Training and have them watch just the videos they'll need to insert the data into the General Tab in the system.

PSAv Fixed Assets - Asset Entry: General (video)

If the parish is using the Excel Spreadsheet, staff and volunteers will need to be trained internally.

Provide staff/volunteers with very detailed instructions on which items to inventory, where to look for the make, model and serial number for items. For example, most electronic items will have a sticker on the back from the manufacturer with all of this information.

Which items should have one of your barcode stickers on the back, and which should never have a barcode sticker. For example, do not place an inventory label with a barcode on a communion chalice.

Naming Conventions and Standards

The descriptive asset name is determined by each parish. The goal of developing a standardized naming system is for employees to be able to recognize an asset, its location, or its purpose at-a-glance. Best practices for Fixed Asset names should include:

- Describe the Asset
- The asset type
- A description of the asset, make and model
- A defining characteristic, serial number, or location

The following examples may be used or modified for each parish. In the examples listed here, start with the type of the asset, then added the manufacturer/make and model number and the location of the item or the person to whom it is assigned.

- Mower - John Deer - Z900E - Cemetery
- PC Laptop - MS Surface - Go2 - Pastor Smith
- Convection Oven - Vulcan - VC5ED – School

Provide a list of the various parish approved asset types and abbreviations to staff and volunteers.

Asset Identification Numbers do not need to be complex in order to be effective.

- **Be Logical:** Maintenance technicians should be able to draw meaning from asset names. Do not label boilers as “XYZ.” Instead, use a more logical code such as “BOIL” or “BLR”.

- **Be Consistent:** Terminology, abbreviations, and numbering schemes should not vary. For example, all personal computers could be abbreviated as “PC”. All numbering should use the same number of digits. For example, the first record created under a number scheme that uses three digits will be “001” instead of “1” or “01”.

- **Be Unique:** Each asset name should be unique to prevent confusion.

- **Avoid Duplicate Data:** Asset names should not include information that is defined elsewhere.

- **Leave Room for Growth:** Naming conventions should leave room to easily add new asset records – which may be subsets of existing records. For example, separate asset numbers by 100, 500, or 1,000 for major subgroups.

- **Prioritize the Use of Letters:** Numbers, when used alone, hold little meaning. Letters can be much more informative and make asset names easier for employees to interpret.

- **Use a "Drill Down" Approach:** Employ a hierarchical structure that allows users to "drill down" to relevant, granular data.

Determine Data to be Collected

Each parish will need to decide the relevant information that should be collected during the Fixed Assets inventory. The data collected should be sufficient to properly identify each item on the fixed assets listing for parish leadership, maintenance staff, and Catholic Mutual.

The following list of data points should be the minimum requirement for most Fixed Assets on the inventory list:

- Item Description
    - Make/Brand
    - Model
    - Serial Number
    - Number of units
    - Other:
        - Furniture – Fabric, Leather, Wood, Steel
        - IT Equipment – IOS, Capacity, Type (Desktop/Laptop/Tablet/Cell Phone)
        - Vehicles – Year, Odometer, Color, VIN, Plate #
- Building / Location of Item
    - Assigned To
- Condition of Item

Taking Fixed Assets Inventory

Parish leadership team can start off the inventory by indicating the items that they definitely want on the asset listing. They can do this by simply sticking a post-it note on the various items. Of course, this won't work for land or buildings, but it will work great for equipment and furnishings.

The Inventory team will then follow behind and record those items with post-it notes. As they record the item flagged they'll remove that post-it note or indicate on the post-it note that the item has been recorded and counted.

Each parish should decide how the team will perform the actual recording. Some parish may prefer the team simply use a pen and paper for recording purposes and then another team member or parish leadership will record the information into the Excel Spreadsheet or ParishSOFT Fixed Assets.

Alternatively, the parish can provide one member of the team with an iPad or tablet and record directly into ParishSOFT Fixed Assets or the Excel Spreadsheet during the actual inventory process. The team member can type in the information directly, which will save time.

We recommend having the team enter the inventory in an Excel Spreadsheet to start. The parish will be able to take the information from the Excel Spreadsheet and Import it into ParishSOFT Fixed Assets after the fact. This will give parish leadership the ability to check the spreadsheet prior to importing it, and ensure there are no duplicates, that parish standards we followed prior to the data being entered into the ParishSOFT Fixed Assets module.

Inventory Labeling

The team should have some sort of label ready to adhere to most of the Fixed Assets. The team should refer to the parish instructions regarding which assets should and should not have a label.

Determine how to produce the inventory labels:

- Will the parish print your own stickers using Microsoft Word? This may be something that needs to be done after the fact, which means it's going to take more time and each item may need to be "touched" twice. However, this is a very economical option.

- Will the parish purchase a portable barcode printer? They range in price from $150 – over $1k. This option allows the Inventory Team to adhere a label immediately, however depending on the Asset, the label may dislodge from the item (i.e. lawn mower, snow blower)

- Will the parish purchase heavy duty metal labels with your parish name and asset information? This one is definitely more permanent, but may be more expensive.

- Will the parish use a combination of inventory labeling methods?

Research Historical Costs

Once the Fixed Asset inventory has been completed, additional research may need to be completed to ascertain the historical cost of each item on the Fixed Assets inventory. Record the following data points from the invoice, contract or other documentation:

- Date Acquired or Placed Into Service
- Historical Cost
- Vendor Name (or Donor's Name if contributed)

Historical Costs are Known

Finding the historical costs for some items on the list will be relatively easy, as they may have been purchased or constructed recently, and finding the original invoice is just a matter of opening a file cabinet in the office.

While you have the invoice in hand, scan it and save the documents somewhere you can find them later. You'll be able to upload the invoice as an Attachment to the Fixed Asset in ParishSOFT.

Historical Costs are Unknown

Finding the historical costs of some items on the inventory list may be more difficult, as the item may have been purchased decades ago, and the parish may not have easy access to those records.

Parishes are required to perform due diligence when researching the historical costs of fixed assets.

Review of Parish archives must be the first step in determining historical costs.

- Determine the approximate year of purchase/donation of the fixed asset.
- Research parish archives for:
    - Original Invoices
    - Contracts

- Bank Statements
- Finance Council minutes
- Parish Council minutes
- Gift Acceptance Committee minutes

If invoices are unavailable, and due diligence has been completed by researching parish archives, alternatives to determine the original cost of the Fixed Asset may be completed using the following:

- City and County Records, such as Zoning, Licensing and Register of Deeds
- Obtain original proxy request documents if applicable (must know the year). Contact millerp@archspm.org.
- Review additions submitted to Catholic Mutual (must know the year). Contact ppetkemccarty@catholicmutual.org.
- Review additions submitted to the Archdiocese via the Annual Parish Financial Reports (must know the year). Contact APFR@archspm.org.

Estimate Market Value in Prior Year

Only after all of the research points listed above have been exhausted, and original documentation on the Fixed Asset is deemed unavailable, estimate purchase cost at estimated market value **at time the asset was placed into service**.

First, determine the Fair Market Value (FMV), which is the price an asset would sell for on the open market in today's dollars.

Depending on the type of fixed asset, parishes could use one of the following methods:

- **Cost or selling price:** This method will work best with furniture, fixtures and equipment. Look on Amazon, eBay or the manufacturer's website.
- **Sales of comparable assets**: This method would work well for a rental house. Check out realtor.com, Zillow.com or even beacon.schneidercorp.com.
- **Replacement cost**: This method may be used for those unique items that the parish may possess. It may be something hand-made by a parishioner, or a one-of-a-kind item that is just too hard to come up with a comparable. Parishes should contact Catholic Mutual to inquire about the insurance value for the item.
- **Expert opinion**: This method may be used for the church building, rectory building, etc. Parishes may want to hire an appraiser to obtain the current Fair Market Value.

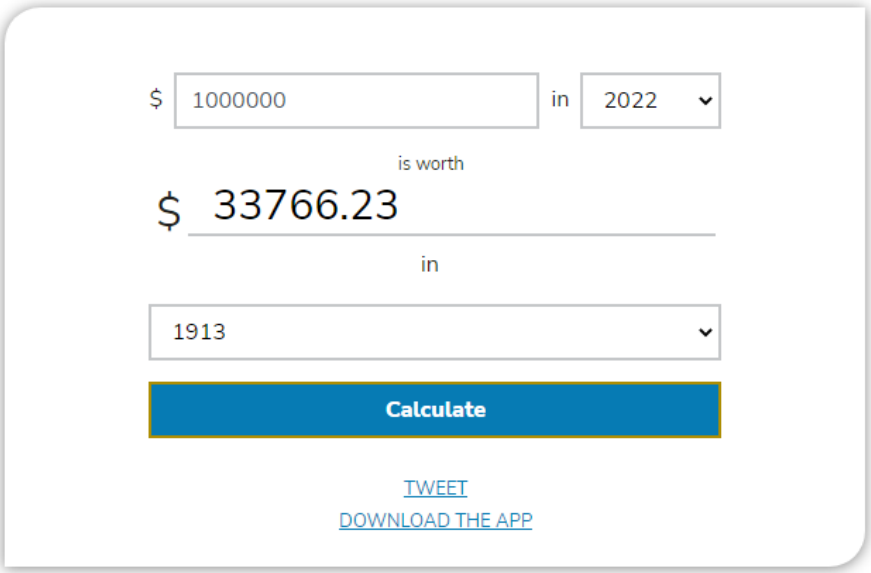
Next, the parish will need to then "deflate" the current year's dollars to the value of the dollars in the year the item was purchased or placed into service.

The Federal Reserve Bank of Minneapolis offers in Inflation Calculator that should be used for this calculation.

For example, the church building was constructed in 1913 and the parish exhausted all methods of obtaining original documentation. The parish hires an appraiser and the appraisal comes back at $1m in todays dollars.

The parish goes to MinneapolisFed.org's Inflation Calculator and enters the known information.

The parish would then use $33,766.23 as the historical value of the church building.



Verify Historical Cost Research to Current Financial Statements

Compare the original invoice or contract to the amount listed on the Statement of Financial Position. If the numbers jive, you're in good shape and you don't need to do anything.

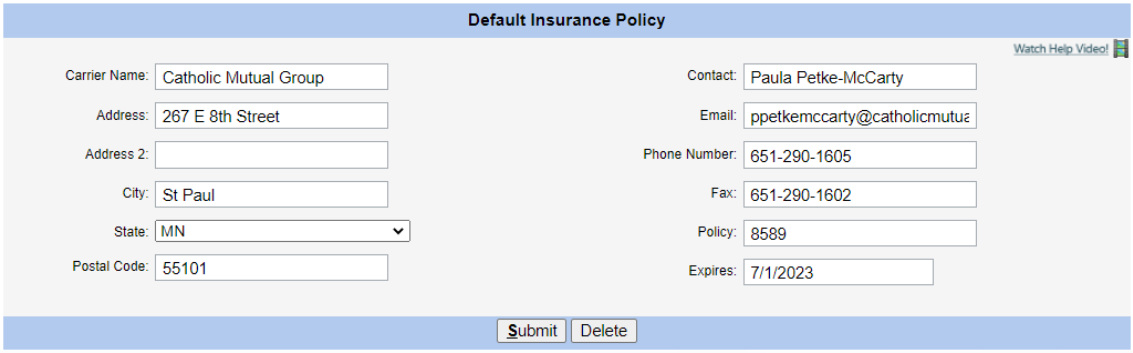
But if the numbers are different, or missing all together, then you'll need to make some adjustments. For that, please refer to last months lunch and learn on Fixed Asset Valuations.

ParishSOFT Fixed Assets Module

Parishes utilizing ParishSOFT Accounting may choose to add-on the ParishSOFT Fixed Assets module. The ParishSOFT Fixed Assets module will assist the parish in maintaining a Fixed Asset inventory, track warranty and insurance information, record repairs and maintenance, and provides automated depreciation entries.

The following training videos will assist the Parish in Fixed Assets Setup and Asset Entry (videos should be watched in the following order):

1. Setup: Overview and Accounts (Video)
    a. Insert the following appropriate accounts in the Parish chart of accounts:
        i. 1411-1450 Accumulated Depreciation in Parish Operations, Cemetery Operations, Regional School, or Parochial School
        ii. 6280 Depreciation Expense in General Operations or appropriate Ministry Code
    b. Accounts: How to add an account when part of a diocese
2. Setup: Asset Categories (video)
    a. Recommended Asset Categories:
        i. Land
        ii. Land Improvements
        iii. Buildings
        iv. Building Improvements
        v. Equipment
        vi. Furniture and Office Equipment
        vii. Vehicles
        viii. Construction in Process
3. Setup: Asset Assignment (video)
4. Setup: Default Insurance Information (video)



5. Setup: Reason for Disposal/Sale (video)
    a. Recommended Reasons for Disposal:
        i. Damaged

ii. Demolished
iii. Lost
iv. Recycled Out
v. Sold
vi. Stolen

6. Asset Entry: General (video)
7. Asset Entry: Repairs (video)
8. Asset Entry: Notes & Comments (video)
9. Asset Entry: Warranty Information (video)
10. Asset Entry: Insurance Information (video)
11. Asset Entry: Notifications (video)
12. Asset Entry: Reports (video)
13. Asset Entry: How to Set up and Process Depreciation (Video)

    a. Use the following accounts:
        i. 1411-1450 Accumulated Depreciation
        ii. 6280 Depreciation Expense in General Operations or appropriate Ministry Code

The following support articles may be reviewed on an as-needed basis:

- Setup: Only one person may be assigned to an asset
- Setup: The default insurance screen did not update my existing assets' insurance information
- Fixed Asset Information: Populating the Initial Book Value amount of a fixed asset
- Accounts: Where to assign an asset account and a depreciation expense account for a fixed asset
- Asset Information: How the Asset ID is assigned
- Asset Information: How to mark the Insured box
- Depreciation: Both an asset account and an expense account are required in the Depreciation tab
- Depreciation: How to evaluate the difference between the Asset Cost and the Book Value of a fixed asset
- Depreciation: How to use cycles to depreciate assets

- Depreciation: The calculate button does not create depreciation entries
- Depreciation: Where to create and calculate depreciation journal entries

Fixed Assets Worksheet (Excel Spreadsheet)

Parishes who do not use ParishSOFT Accounting, or who have selected not to purchase the ParishSOFT Fixed Assets Module, may utilize the Fixed Assets Worksheet template available on the Resource Library/Publications website.

Simultaneous Data Entry

Parishes who utilize applications such as Microsoft Teams or Google Sheets may have the ability to simultaneously enter data to the same spreadsheet.

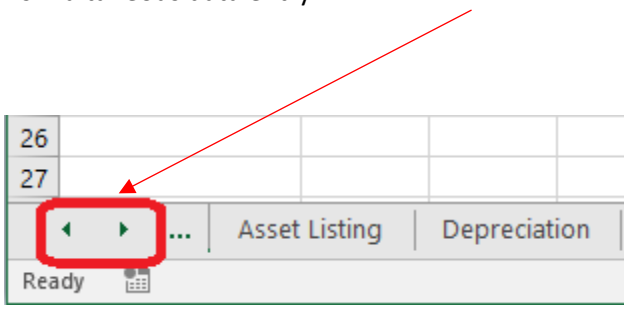
This would be useful if there is more than one Inventory Team or Research Team who would like to enter data at the same time.

Contact your parish IT department to inquire about options for simultaneous data entry.

Setup Spreadsheet

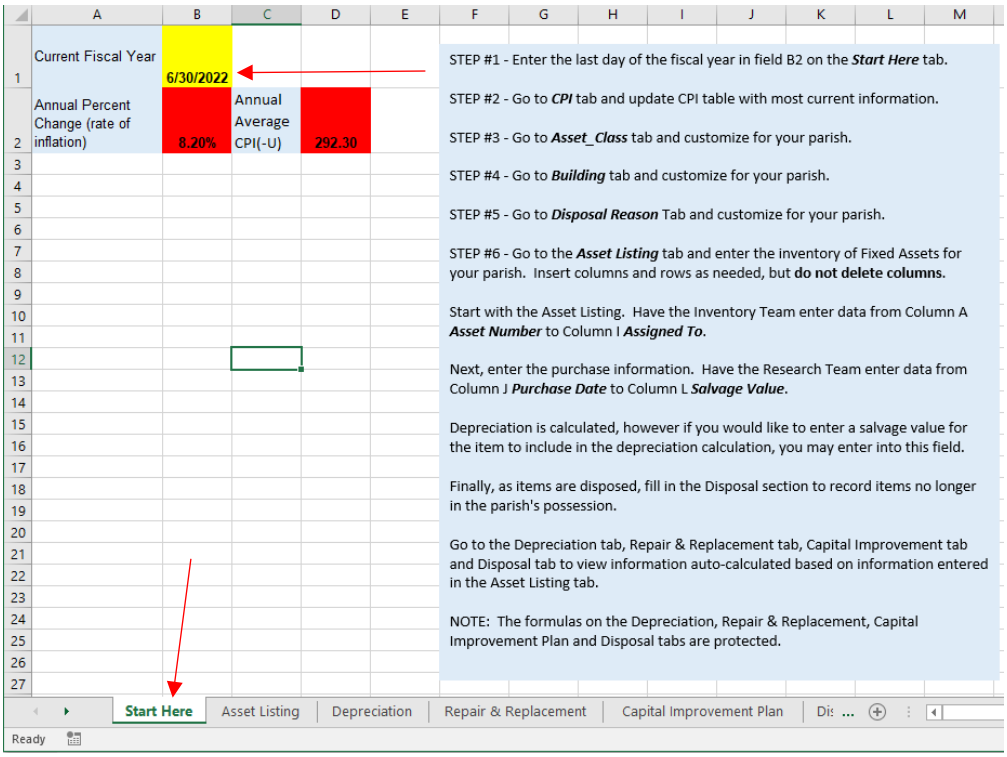
Prior to using the Fixed Asset Spreadsheet, each parish must customize a few tabs on the Spreadsheet.

Tabs on the Excel Spreadsheet are located in the lower left corner of the display. Users an utilize the left/right navigation arrows to locate and select the tab where data entry is to be completed.



Start Here Tab

The Start Here Tab contains the step-by-step instructions for using the Fixed Assets Spreadsheet as well as the field where the parish must enter the last day of the current fiscal year in field B1.



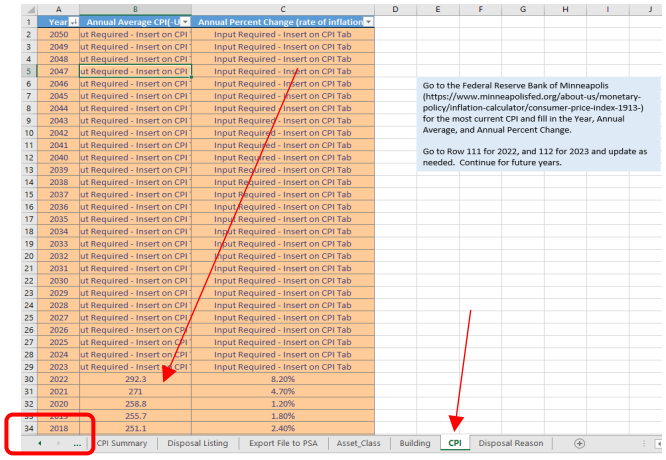
CPI Tab

CPI is the Consumer Price Index, is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. CPI is used in various calculations in this workbook and will be necessary for your parish to updated annually.

Also note that the 2022 CPI is in the workbook as of June 2022 and will change over the course of the year. So if you're using this spreadsheet in 2022, you may need to update the 2022 CPI between now and the end of the calendar year.

Year	Annual Average CPI(-U)	Annual Percent Change (rate of inflation)
1913	9.9	
1914	10.0	1.3%
1915	10.1	0.9%
1916	10.9	7.7%
1917	12.8	17.8%
1918	15.0	17.3%
1919	17.3	15.2%
2021	271.0	4.7%
2022*	292.6	8.0%

*An estimate for 2022 is based on the change in the CPI from first quarter 2021 to first quarter 2022.



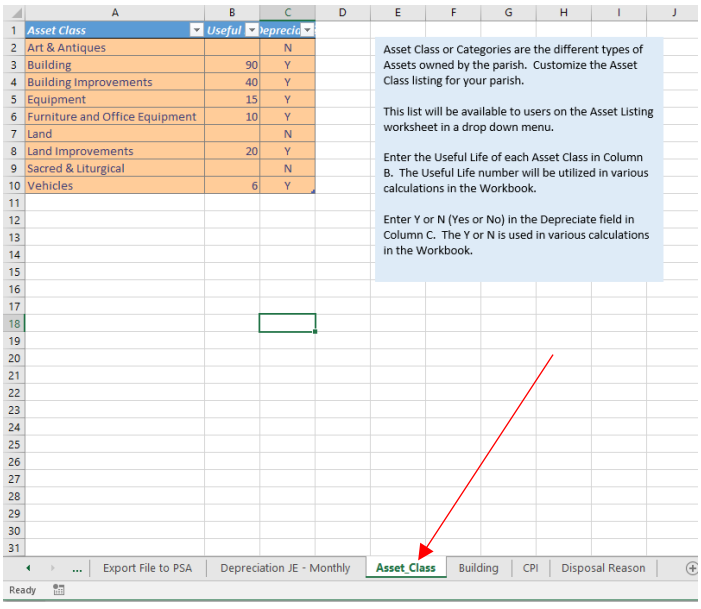
Asset Class Tab

Next go to the Asset Class tab and customize the Asset Class for the parish.

Asset Class or Categories are the different types of Assets owned by the parish.

Some standard Asset Classes have been prefilled for convenience, but parishes can add to this list or edit it if desired.

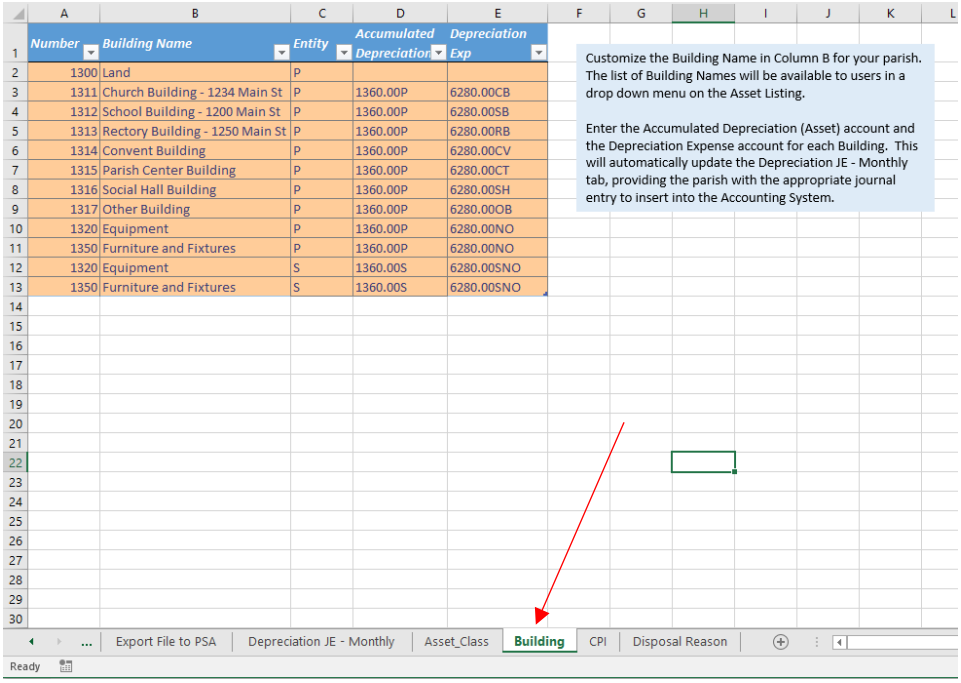
Enter the name of the Asset Class, the Useful Life and whether or not to depreciate the item (enter as Y or an N, not Yes or No).



Building Tab

The list of Buildings are the options available for the parish Inventory Team to select in a drop down menu as they're taking the inventory.

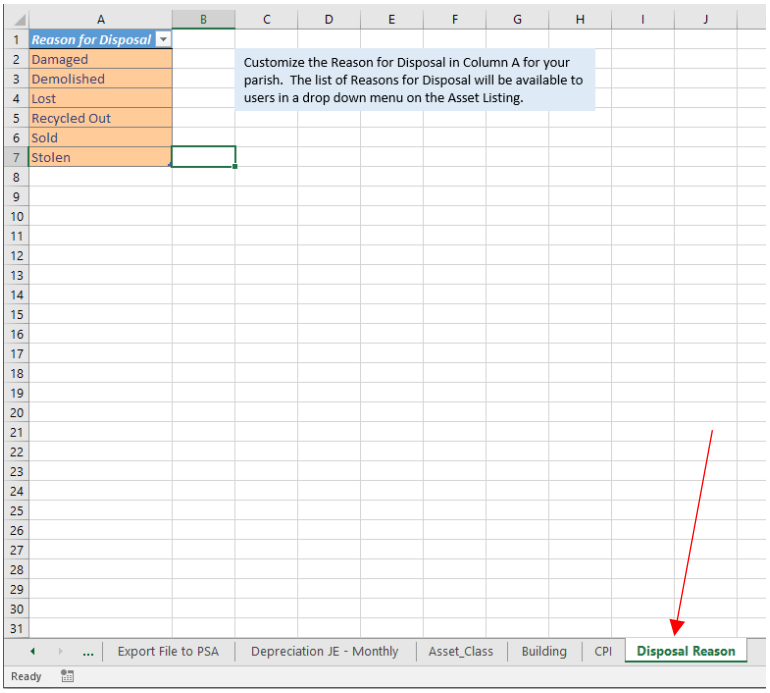
Some information has been prefilled for convenience, but parishes can customize this list as needed.



Disposal Reason Tab

The list of disposal reasons are the options available for the Inventory Team to select in a drop down menu as they're taking the inventory.

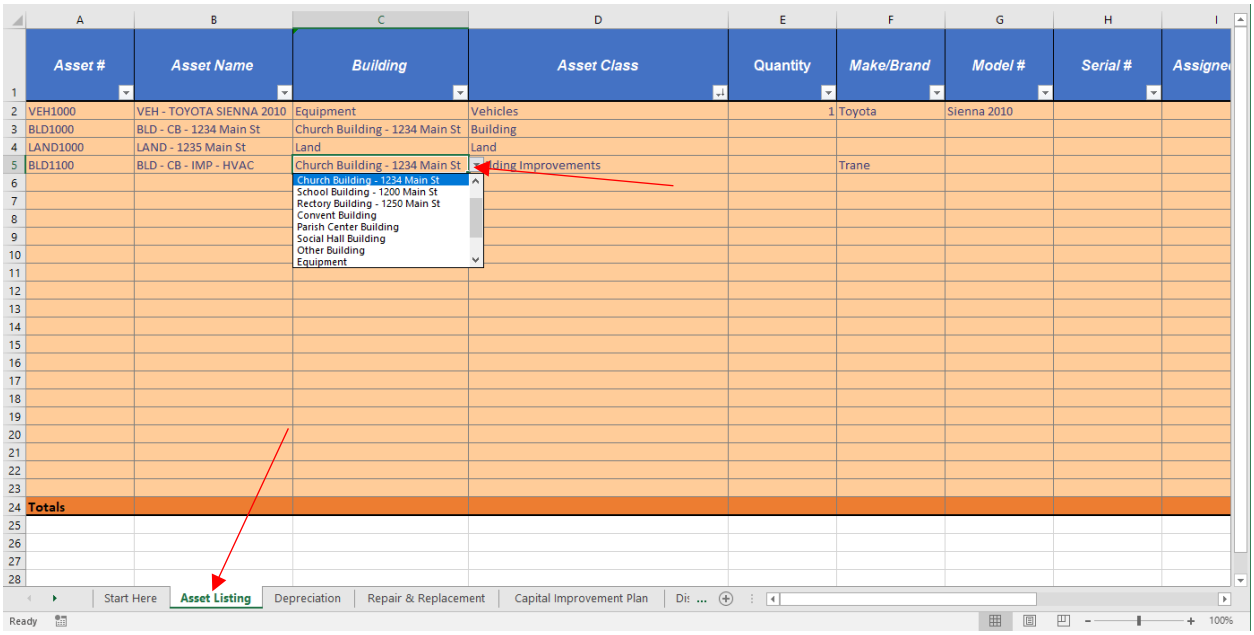
Here again, we've prefilled some information, but Parishes can feel free to customize this list as needed.



Asset Listing Tab

The Asset Listing tab is primary data entry location. Have the Inventory Team record the Assets on this tab.

Column C **Building**, Column D **Asset Class** and Column AB **Reason for Disposal** contain drop-down menu selections based on the data each parish used when setting up the fields. See Setup Building Tab on page 51, Setup Asset Class Tab on page 50, and Setup Disposal Reason Tab on page 51.



Inventory Team Data Entry

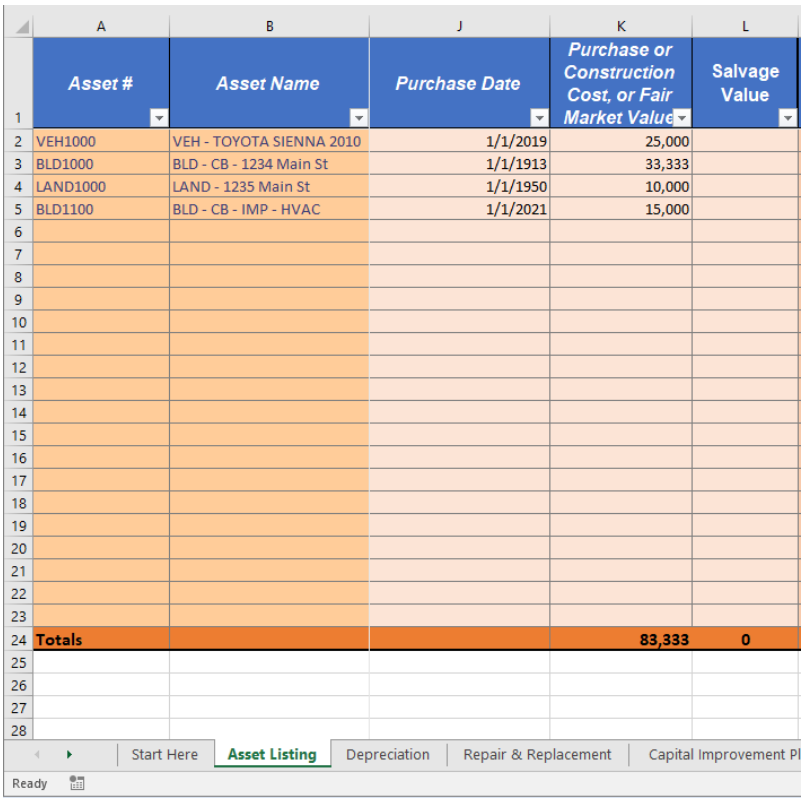
The Inventory Team should enter the data in the following columns:

- Column A – **Asset #**
    - Parish should provide Inventory Team with Asset # standards for the parish.
    - See Naming Conventions and Standards on page 41.
- Column B – **Asset Name**
    - Parish should provide Inventory Team with Asset Name standards for the parish.
    - See Naming Conventions and Standards on page 41.
- Column C – **Building**
    - Click down arrow to select Building in which Asset is located
- Column D – **Asset Class**
    - Click down arrow to select Asset Class to select category of Asset

- Column E – **Quantity**
    - Enter Quantity of Asset as applicable
    - Quantity may be applicable for bulk purchases of computer equipment, chairs, shelving units, etc.
    - Quantity is not utilized in calculated fields
- Column F – **Make/Brand**
    - Enter the make or brand of the asset if applicable
    - Make/Brand may be applicable for electronic equipment, mowers, etc.
    - Typically found on the manufacturer's label
- Column G – **Model #**
    - Enter the make or brand of the asset if applicable
    - Model numbers may be applicable for electronic equipment, mowers, etc.
    - Typically found on the manufacturer's label
- Column H – **Serial #**
    - Enter the make or brand of the asset if applicable
    - Serial numbers may be applicable for electronic equipment, mowers, etc.
    - Typically found on the manufacturer's label
- Column I – **Assigned To**
    - Enter the make or brand of the asset if applicable
    - Assigned To may be applicable for assets often taken off-site by staff/volunteer

Research Team Data Entry

The Research Team should enter the data in the following columns:



	A	B	J	K	L
1	Asset #	Asset Name	Purchase Date	Purchase or Construction Cost, or Fair Market Value	Salvage Value
2	VEH1000	VEH - TOYOTA SIENNA 2010	1/1/2019	25,000	
3	BLD1000	BLD - CB - 1234 Main St	1/1/1913	33,333	
4	LAND1000	LAND - 1235 Main St	1/1/1950	10,000	
5	BLD1100	BLD - CB - IMP - HVAC	1/1/2021	15,000	
24	**Totals**			**83,333**	**0**

Start Here | Asset Listing | Depreciation | Repair & Replacement | Capital Improvement Pl

Ready

- Column J – **Purchase Date**
    - Enter the date of purchase or the date the asset was placed into service
    - Field requires a full date (MM/DD/YYYY).
        - If only Month and Year are known, use the first day of the month in the day field. Example = 7/1/2005
        - If only Year is know, then use the first day in the first month of the year. Example = 1/1/2019
- Column K – **Purchase or Construction Cost, or Fair Market Value**
    - Enter the amount of the historical Purchase or Construction Costs
    - If historical Purchase or Construction Costs are unknown, estimate the Fair Market Value in the year the item was placed into service
        - See Estimate Market Value in Prior Year on page 44
- Column O – **Salvage Value** (Optional)
    - Enter the estimated book value of an asset after depreciation is complete.
    - This field is used in the Depreciation calculation field

Fixed Asset Spreadsheet Analysis and Utility Tabs

The Fixed Asset Spreadsheet contains four Analysis tabs and two Utility tabs that are automatically populated as the parish completes data entry in the Asset Listing tab.

- Analysis Tabs
    - Depreciation
    - Repair & Replacement Tab
    - Capital Improvement Plan
    - Disposal
- Utility Tabs
    - Export File to PSA
    - Depreciation JE – Monthly
    - Fixed Assets Project Tracking[1]

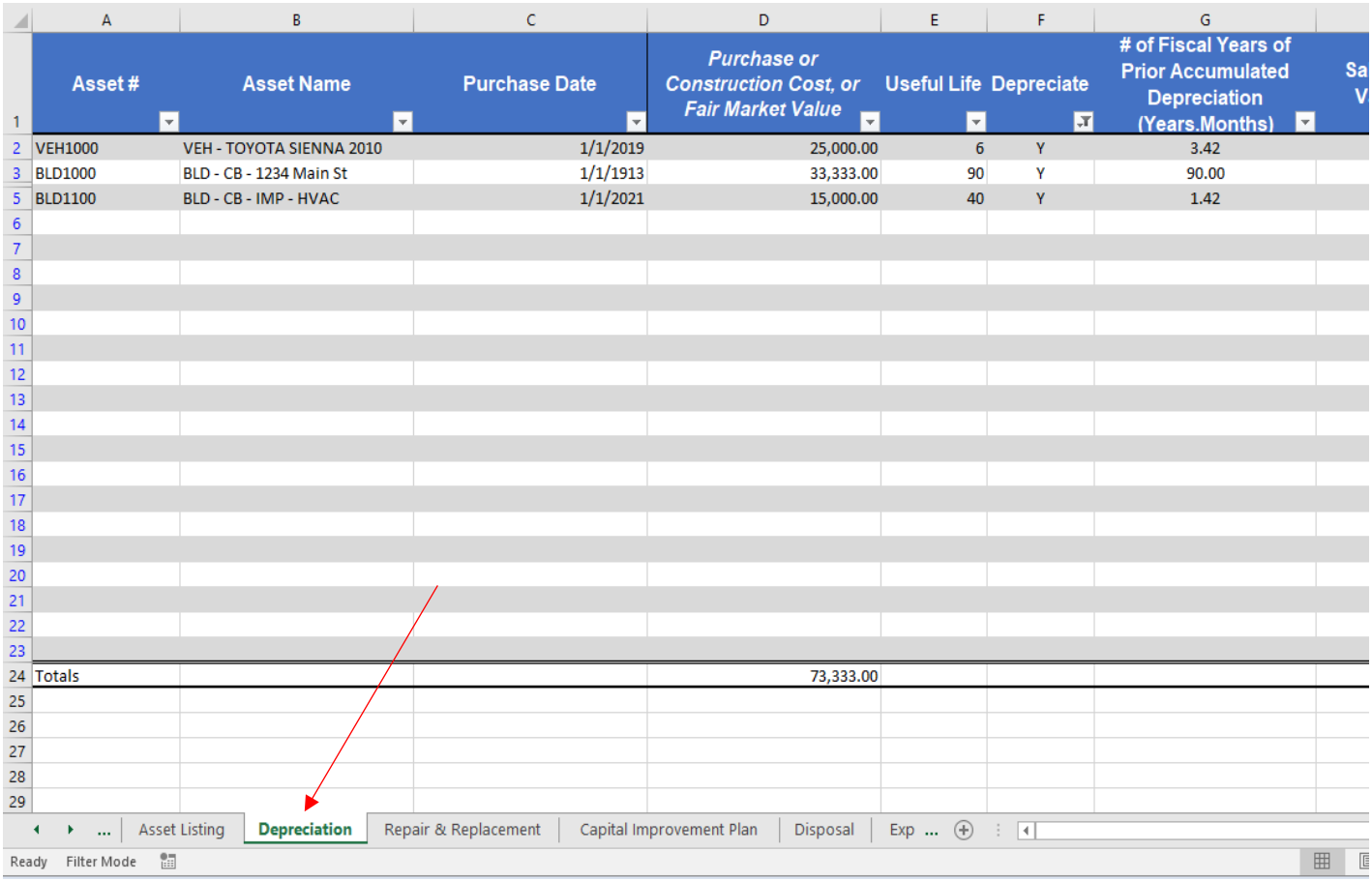
These tabs display the Asset inventory and all of the necessary data needed to review, analyze and calculate data displaying on the tab. These tabs are automatically populated as information is entered in the Asset Listing tab.

These tabs are protected. Data cannot be entered directly into the tabs, information cannot be directly changed or deleted on these tabs. Data must be entered in the Asset Listing and Setup tabs to affect changes on the Analysis and Utility tabs.

[1] The Fixed Assets Project Tracking tab is not protected and may be edited by the user.

Depreciation Tab

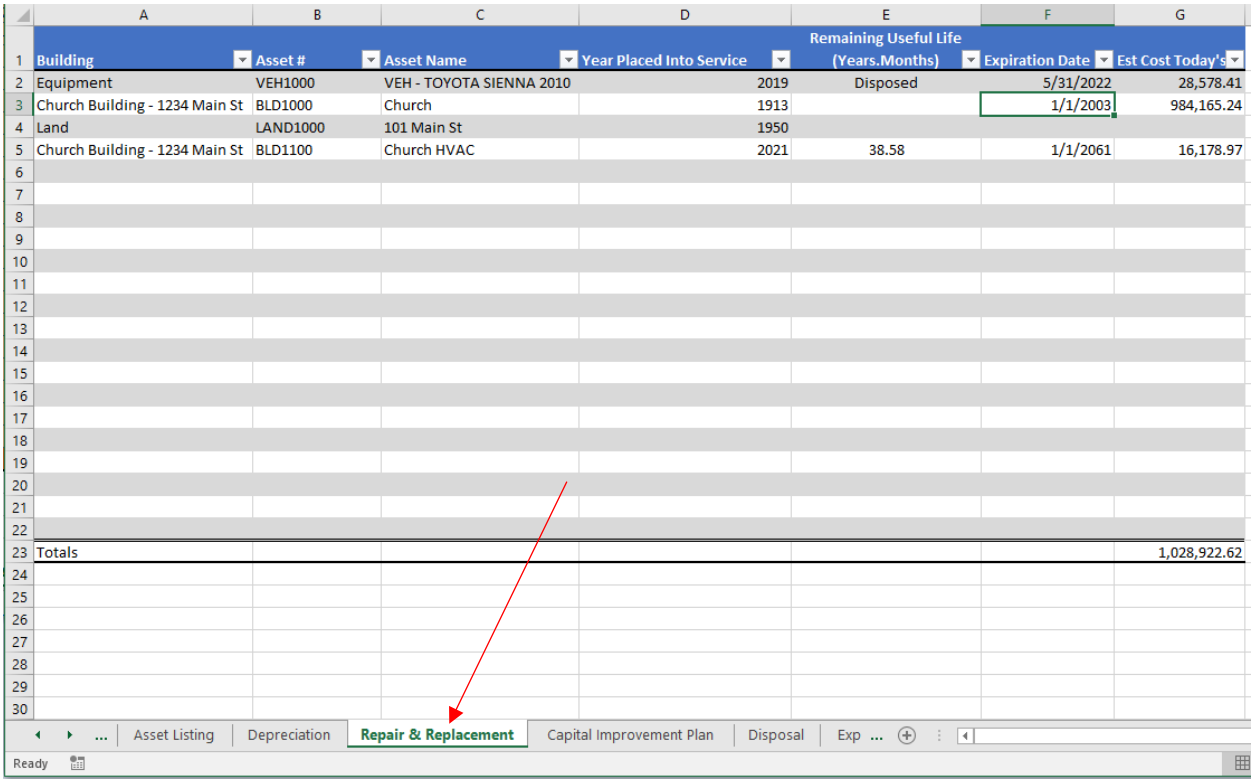
- Asset #
- Asset Name
- Purchase Date
- Purchase or Construction Cost or Fair Market Value
- Useful Life
- Depreciate (Y/N)
- Number of Fiscal Years of Prior Accumulated Depreciation (in years and months)
- Salvage Value
- Prior Year Accumulated Depreciation Total
- Current Year Depreciation
- Net Book Value



Asset #	Asset Name	Purchase Date	*Purchase or Construction Cost, or Fair Market Value*	Useful Life	Depreciate	# of Fiscal Years of Prior Accumulated Depreciation (Years.Months)	Sa V
VEH1000	VEH - TOYOTA SIENNA 2010	1/1/2019	25,000.00	6	Y	3.42	
BLD1000	BLD - CB - 1234 Main St	1/1/1913	33,333.00	90	Y	90.00	
BLD1100	BLD - CB - IMP - HVAC	1/1/2021	15,000.00	40	Y	1.42	
Totals			73,333.00				

Repair & Replacement

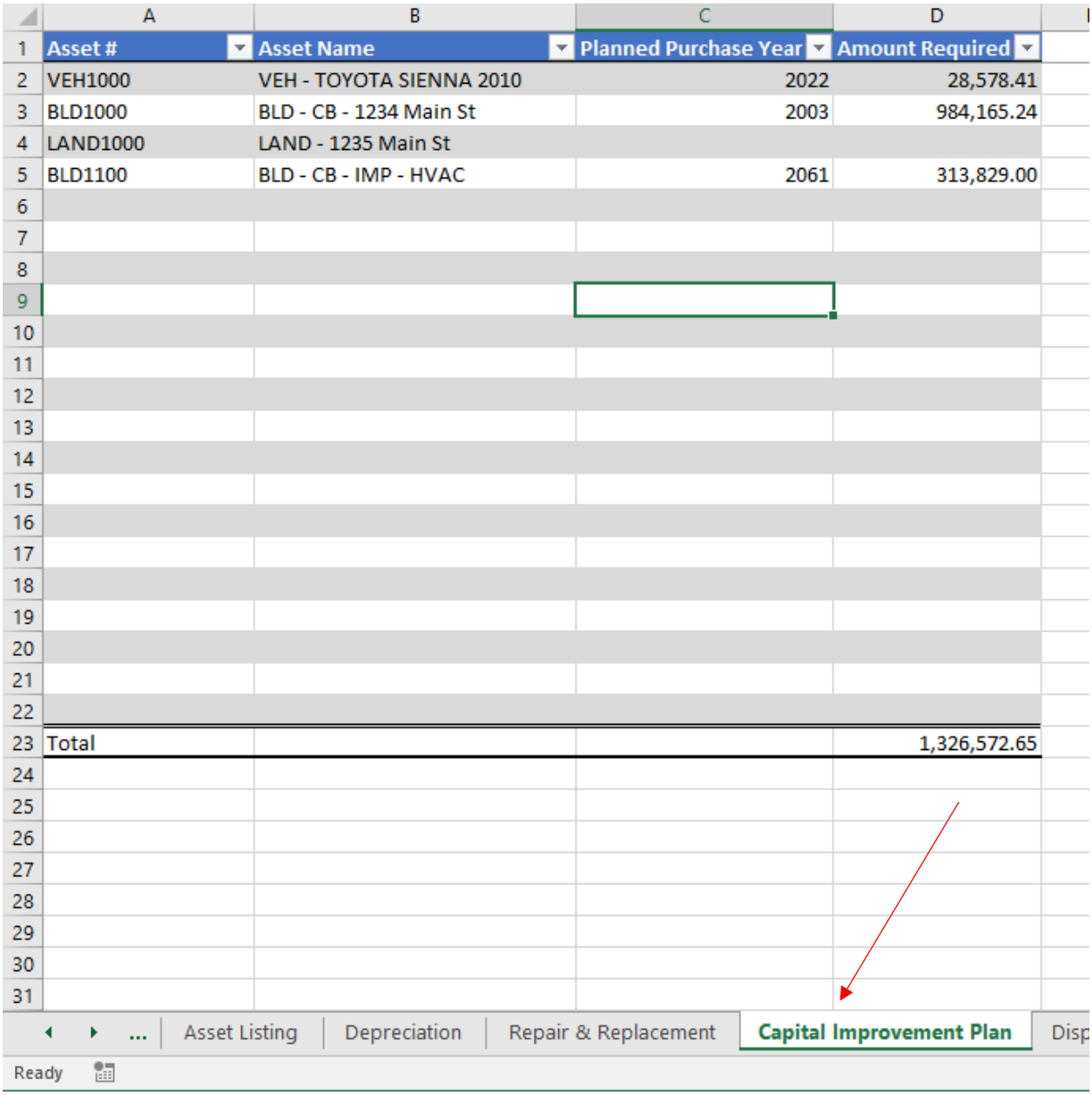
- Building
- Asset #
- Asset Name
- Year Placed into Service
- Remaining Useful Life (in years and months)
- Expiration Date
- Estimated Cost in Today's Dollars



	A	B	C	D	E	F	G
1	Building	Asset #	Asset Name	Year Placed Into Service	Remaining Useful Life (Years.Months)	Expiration Date	Est Cost Today's
2	Equipment	VEH1000	VEH - TOYOTA SIENNA 2010	2019	Disposed	5/31/2022	28,578.41
3	Church Building - 1234 Main St	BLD1000	Church	1913		1/1/2003	984,165.24
4	Land	LAND1000	101 Main St	1950			
5	Church Building - 1234 Main St	BLD1100	Church HVAC	2021	38.58	1/1/2061	16,178.97
23	Totals						1,028,922.62

Capital Improvement Plan

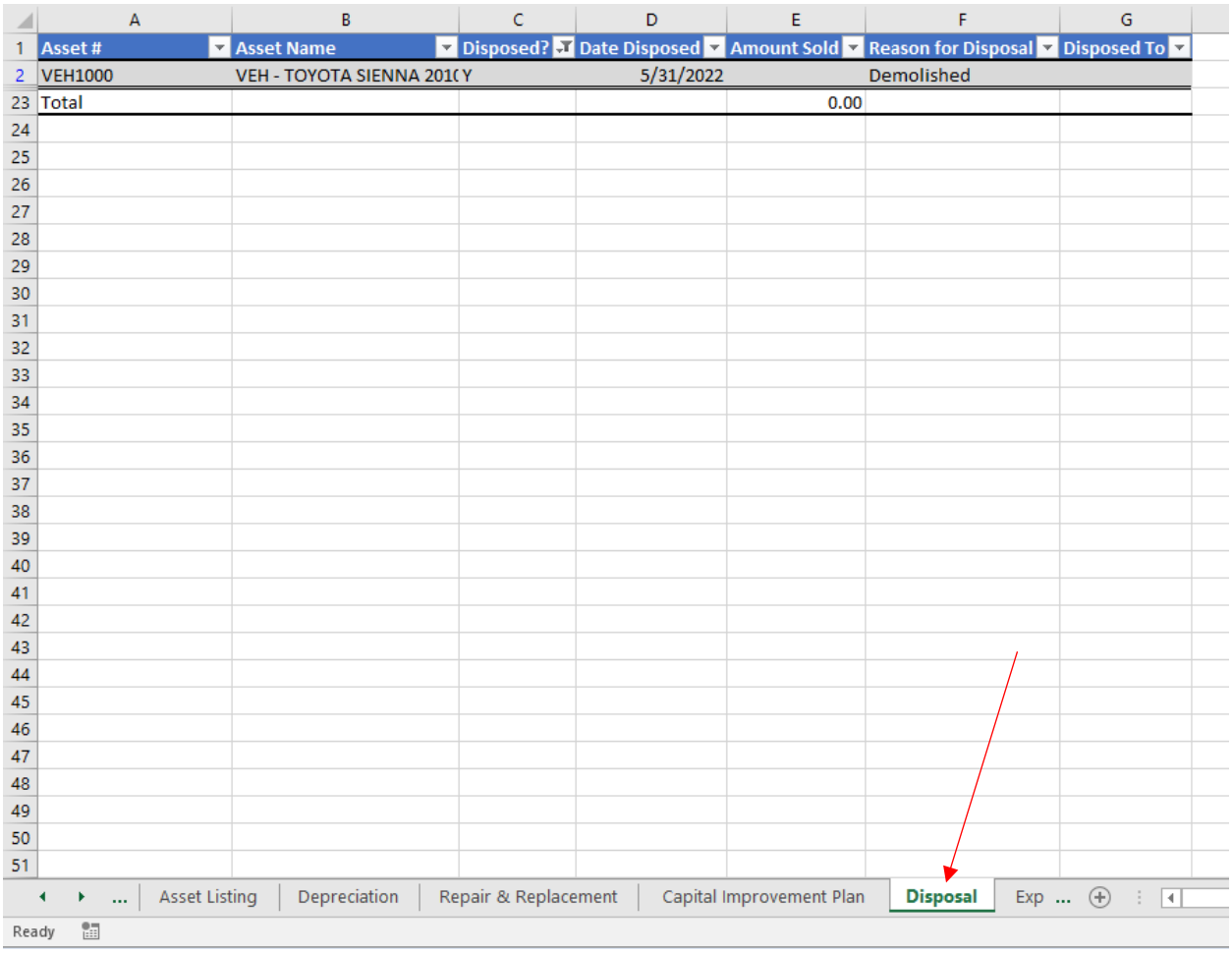
- Asset #
- Asset Name
- Planned Purchase Year
- Amount Required



	A	B	C	D
1	Asset #	Asset Name	Planned Purchase Year	Amount Required
2	VEH1000	VEH - TOYOTA SIENNA 2010	2022	28,578.41
3	BLD1000	BLD - CB - 1234 Main St	2003	984,165.24
4	LAND1000	LAND - 1235 Main St		
5	BLD1100	BLD - CB - IMP - HVAC	2061	313,829.00
23	Total			1,326,572.65

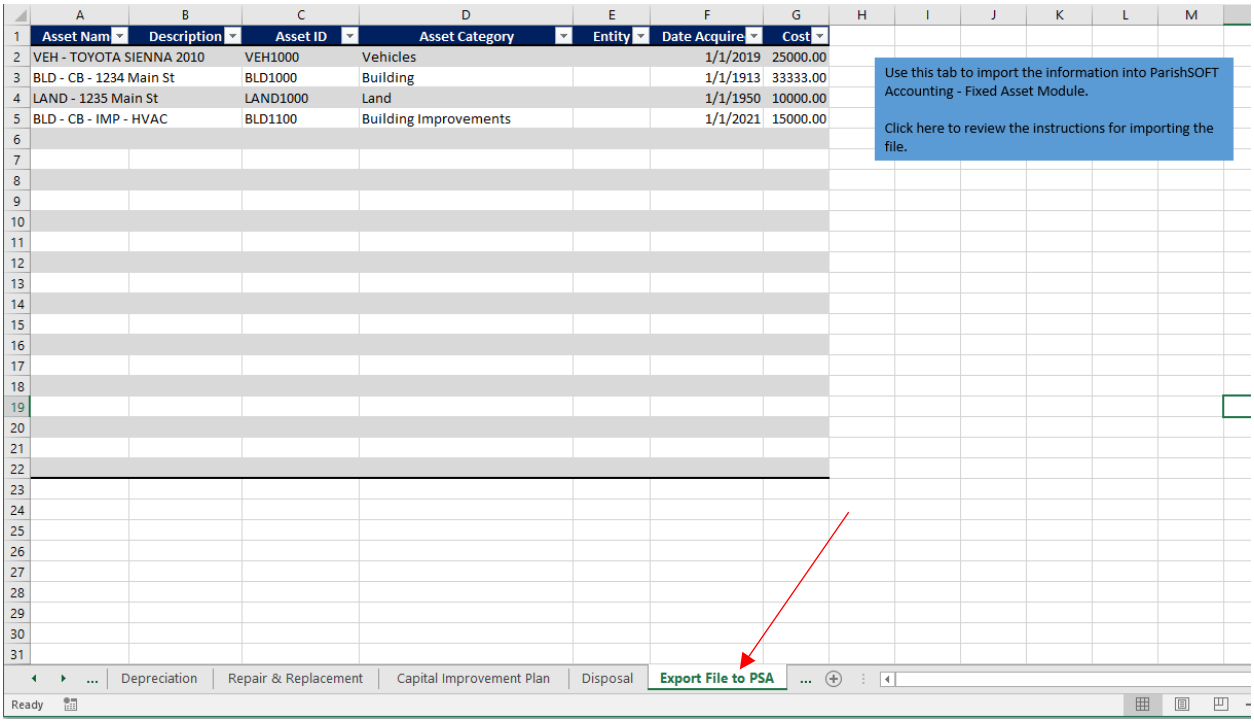
Disposal

- Asset #
- Asset Name
- Disposed (Y/N)
- Date Disposed
- Amount Sold
- Reason for Disposal
- Disposed To



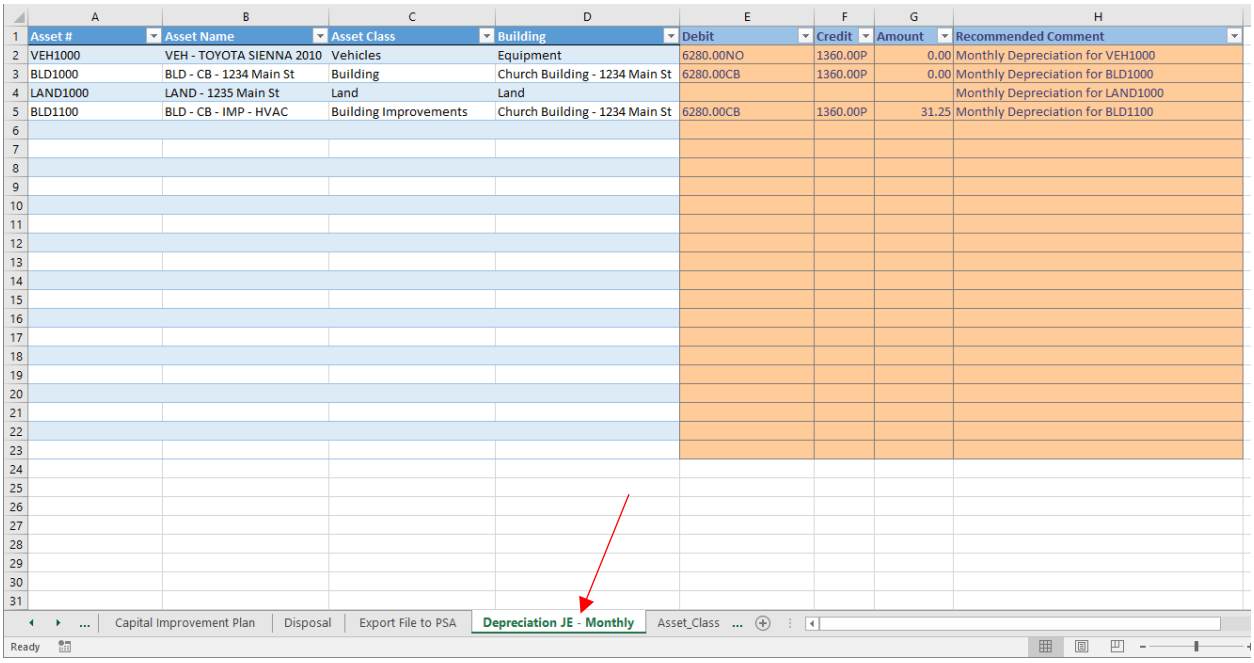
Export File to PSA

- Asset Name
- Description
- Asset ID
- Asset Category
- Entity
- Date Acquired
- Cost



Depreciation JE - Monthly

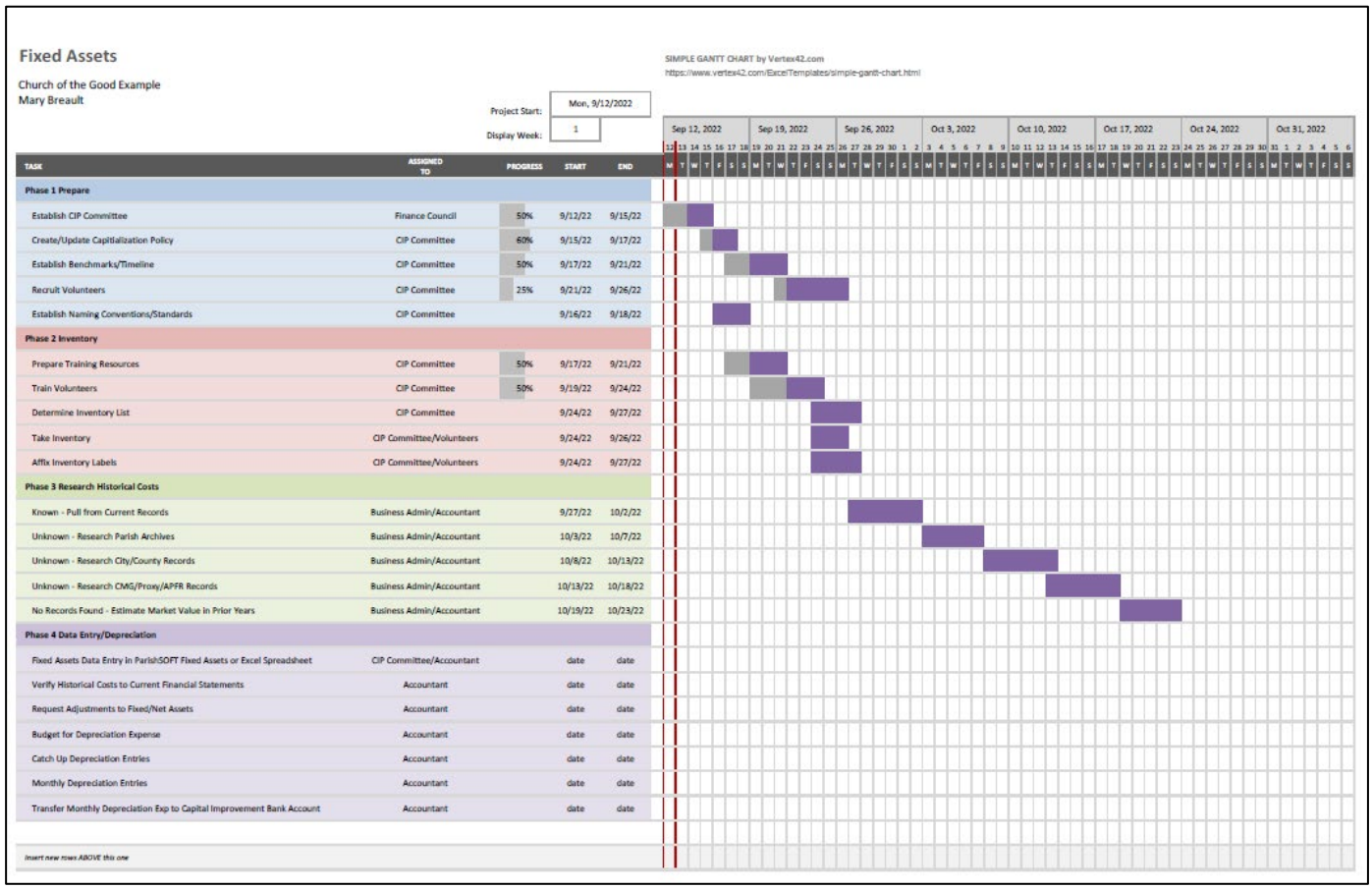
- Asset #
- Asset Name
- Asset Class
- Building
- Debit
- Credit
- Amount
- Recommended Comment



Asset #	Asset Name	Asset Class	Building	Debit	Credit	Amount	Recommended Comment
VEH1000	VEH - TOYOTA SIENNA 2010	Vehicles	Equipment	6280.00NO	1360.00P	0.00	Monthly Depreciation for VEH1000
BLD1000	BLD - CB - 1234 Main St	Building	Church Building - 1234 Main St	6280.00CB	1360.00P	0.00	Monthly Depreciation for BLD1000
LAND1000	LAND - 1235 Main St	Land	Land				Monthly Depreciation for LAND1000
BLD1100	BLD - CB - IMP - HVAC	Building Improvements	Church Building - 1234 Main St	6280.00CB	1360.00P	31.25	Monthly Depreciation for BLD1100

Fixed Assets Project Tracking

- At Risk
- Status
- Priority
- Deadline
- Task
- Assigned To
- % Done
- Estimated Days
- Actual Days



Fixed Assets

Church of the Good Example
Mary Breault

SIMPLE GANTT CHART by Vertex42.com
https://www.vertex42.com/ExcelTemplates/simple-gantt-chart.html

Project Start: Mon, 9/12/2022
Display Week: 1

TASK	ASSIGNED TO	PROGRESS	START	END
Phase 1 Prepare				
Establish CIP Committee	Finance Council	50%	9/12/22	9/15/22
Create/Update Capitalization Policy	CIP Committee	60%	9/15/22	9/17/22
Establish Benchmarks/Timeline	CIP Committee	50%	9/17/22	9/21/22
Recruit Volunteers	CIP Committee	25%	9/21/22	9/26/22
Establish Naming Conventions/Standards	CIP Committee		9/16/22	9/18/22
Phase 2 Inventory				
Prepare Training Resources	CIP Committee	50%	9/17/22	9/21/22
Train Volunteers	CIP Committee	50%	9/19/22	9/24/22
Determine Inventory List	CIP Committee		9/24/22	9/27/22
Take Inventory	CIP Committee/Volunteers		9/24/22	9/26/22
Affix Inventory Labels	CIP Committee/Volunteers		9/24/22	9/27/22
Phase 3 Research Historical Costs				
Known - Pull from Current Records	Business Admin/Accountant		9/27/22	10/2/22
Unknown - Research Parish Archives	Business Admin/Accountant		10/3/22	10/7/22
Unknown - Research City/County Records	Business Admin/Accountant		10/8/22	10/13/22
Unknown - Research CMG/Proxy/APFR Records	Business Admin/Accountant		10/13/22	10/18/22
No Records Found - Estimate Market Value in Prior Years	Business Admin/Accountant		10/19/22	10/23/22
Phase 4 Data Entry/Depreciation				
Fixed Assets Data Entry in ParishSOFT Fixed Assets or Excel Spreadsheet	CIP Committee/Accountant		date	date
Verify Historical Costs to Current Financial Statements	Accountant		date	date
Request Adjustments to Fixed/Net Assets	Accountant		date	date
Budget for Depreciation Expense	Accountant		date	date
Catch Up Depreciation Entries	Accountant		date	date
Monthly Depreciation Entries	Accountant		date	date
Transfer Monthly Depreciation Exp to Capital Improvement Bank Account	Accountant		date	date
Insert new rows ABOVE this one				

Appendix A – Standard Net Asset Entry Protocol

Net assets are typically updated at the end of the fiscal year automatically by most accounting software packages, including ParishSOFT Accounting. Direct transaction entry to Net Asset accounts are prohibited in ParishSOFT Accounting.

Should direct transaction entry be required, parishes must follow the Standard Net Asset Entry Protocol:

If a parish or parish auditor requires an entry to Net Assets, the ADSPM has established the following protocol:

1. Parish/Parish Auditor prepares written/email communication requesting and authorizing entry.
2. Parish/Parish Auditor prepares a journal entry import file containing JE specifics. The journal entry import file can be downloaded here or created in Excel. The following are the required specifications of the comma separated value (CSV) file:
    a. Column A = Shortcut number
    b. Column B = Date
    c. Column C = Amount (debits = positive, credits = negative)
    d. Column D = Comment (text field, no commas)
    e. Column E = Project Code (optional)
    f. Column F = Transaction Count
3. Backup documentation must accompany request and must clearly outline the reason for the entry.
4. Submits to StandardsSupport@archspm.org.
5. Standards Program Manager receives request and obtains approval from ADSPM Accountant.
6. Archdiocese accountant reviews backup documentation and entry request for successful audit review.
7. If additional information is needed, Standards Program Manager obtains information from parish.
8. If backup documentation and reasons are sufficient, Accountant signs off on request.
9. Standards Program Manager imports parish supplied file and informs parish that the entry is complete.

Appendix B – Capitalization Policy Sample (Basic)

Purpose

This accounting policy establishes the minimum cost <capitalization amount> that shall be used to determine the capital assets that are to be recorded in <Parish Name, City>'s annual financial statements (or books).

Capital Asset definition

A "Capital Asset" is defined as a unit of property that:

1. has an economic useful life that extends beyond 12 months; **and**
2. was acquired or produced for a cost of <$____> or more.

Capital Assets must be capitalized and depreciated for financial statement purposes.

Capitalization thresholds

<Parish Name, City> establishes <$_____> as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in <Parish Name, City>'s financial statements (or books).

Capitalization method and procedure

All Capital Assets are recorded at historical cost as of the date acquired.

Tangible assets costing below the aforementioned threshold amount are recorded as an expense for <Parish Name, City>'s annual financial statements. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

Recordkeeping

Invoice substantiating an acquisition cost of each unit of property shall be retained for a minimum of four years.

Appendix C – Capitalization Policy Sample (Comprehensive)

01. Policy Statement

The purpose of this policy is to set forth the guidelines for the and reporting control of the <Parish Name, City> assets, including accountability over the assets, meeting financial reporting needs, and generating asset management information.

02. Reason for Policy

This document is intended to describe the standard policies required for recording new and existing assets, changes in assets and the methodology of record keeping. In addition, it is intended to provide steps to assist <Parish Name, City> personnel in the safeguarding, accounting for and disposing of the organizations assets. Legal responsibilities require that <Parish Name, City> accurately record and account for capital assets on a regular basis. Because each department engages in the acquisition, transfer, disposal, and use of capital equipment, this policy sets forth the roles and responsibilities in regard to capital assets.

03. Roles and Responsibilities

The major responsibilities each party has in connection with the Capital Assets Policy & Procedures are as follows:

The <Accounting Department> is responsible for the establishment and maintenance of an adequate fixed asset inventory system that allows for the proper presentation of assets in the financial statements and the overall safeguarding of fixed assets.

The <Accounting Manager> is responsible for ensuring the fixed asset data base is being properly maintained, including the identification of capital assets, accurate use of codes, determination of useful lives, reconciliation to the general ledger, and financial reporting.

The <Accounting Manager> is responsible for:

1. Effective administration and maintenance of the property accountability and control system (Excel spread sheet);
2. Providing the <Business Manager> with the necessary documentation to review assets invoiced as capital assets for final determination as a fixed asset;
3. Providing <Department Heads> with current records of the property for which they are responsible when requested;
4. Evaluating loss, damage, destruction, disposal, theft, trade-ins, sale, and/or transfer of <Parish Name, City> assets and providing recommendations with regard to the disposition of these assets;
5. Review and posting of depreciation through the <ParishSOFT> general ledger on a monthly basis;
6. Reconciliation of the fiscal year additions in the <ParishSOFT Fixed Asset Module or Fixed Asset Excel spreadsheet> to the general ledger completed in a timely basis;

<Accounts Payable> ensures account codes are classified correctly for capital assets on purchase invoices.

All <Department Heads> are responsible for:

1. Reading and understanding the Fixed Assets Policy:
2. Assuring property is given proper care and protection and is used for official purposes only;
3. Ensuring that Parish property is used only in the conduct of official Parish business;
4. Notifying the <Accounting Manager> whenever fixed assets are transferred/acquired, sold, donated, destroyed, stolen, lost or otherwise disposed of;
5. Identifying and reporting to the <Accounting Manager> in his/her area which is beyond economic repair and therefore to be disposed of;

04. Capitalization Policy

A capitalized fixed asset is property, such as equipment, buildings and land, with a cost or value equal to or greater than $1,500.00 (depending on the asset classification) at the date of acquisition, effective on the date of this policy, and a normal useful life of more than one year. Capitalized fixed assets are acquired for use in normal operations and are not for resale. All capitalized fixed assets are entered into the <ParishSOFT Fixed Asset Module or Fixed Asset Excel spreadsheet> for inventory and financial reporting purposes.

Assets costing below the limit per category are expensed in the fiscal year of purchase and are not capitalized, and <are/are not> maintained through the <ParishSOFT Fixed Asset Module or Fixed Asset Excel spreadsheet>.

The only exception allowable is for the capitalization of low cost equipment for the initial outfitting of a tangible capital asset or operational unit, or an expansion or renovation to either. Equipment for this treatment should be budgeted and charged to the capital project as equipment.

Costs incurred to keep a fixed asset in its normal operating condition that do not extend the original useful life of the asset or increase the asset's future service potential are not capitalized. These costs are expensed as repairs or maintenance.

05. Classifications of Capital Fixed Assets

Capital fixed assets are items that are:

1. Permanent in nature, tangible durable (economic useful life greater than one year);
2. Held for purposes other than investment or resale; and
3. have a cost which equals or exceeds certain thresholds established by <Parish Name, City>.

The types of capital fixed assets: equipment (both moveable and fixed), land, land improvements, buildings, building improvements, furniture and fixtures, technology equipment and infrastructure.

Equipment consists of property that does not lose its identity when removed from its location and is not changed materially or expended in use. Subclasses in this account include computer equipment, audio visual equipment, office equipment, appliances, food service equipment, buildings and ground equipment, heavy equipment, furniture, and fixtures.

Moveable Equipment is not permanently affixed to or part of a building. Some moveable equipment consists of more than one component (e.g., a computer, keyboard, mouse, and monitor). The assembled components may be considered one item and be recorded as a single capital asset. Component items that form one working equipment system are combined for capitalization purposes. The "system"

definition applies to computer configurations and AV equipment. Additions to equipment that become either component parts or permanently connected to existing equipment items are also defined as equipment and should be capitalized, regardless of cost.

Fixed Equipment is permanently affixed to a building but is separate from the building itself. Examples of fixed equipment are light fixtures, wall to wall carpeting, water fountains, fire control apparatus, fume hoods, auditorium and fixed classroom seats, and built-in display cabinets.

Equipment Purchased During New Construction / Renovations – The equipment must be non-expendable, tangible personal property having an economic useful life of more than one year. During the normal course of business, these items would be expensed solely because they did not meet the capitalization threshold. The only exception allowable is for the capitalization of low cost equipment for the initial outfitting of a tangible capital asset or operational unit, or an expansion or renovation to either. Equipment for this treatment should be budgeted and charged on the capital project as movable equipment. Expenditures for non-capital items that do not meet these requirements should be expensed. Movable equipment capitalized as part of a major new construction renovation or renovation project shall be recorded in the <ParishSOFT Fixed Asset Module or Fixed Asset Excel spreadsheet> as one asset for each major moveable equipment class with the appropriate useful life assigned.

Land is the solid part of the earth's surface whether improved or unimproved. The land account should include all land purchased, leased, donated, or otherwise acquired by <Parish Name, City>. Purchased land should be carried on the records at cost. Donated land should be recorded at the appraised market value of the land at the time of its donation.

Land Improvements include excavation, fill and grading, removal, relocation, or reconstruction of property of others such as railroads, and telephone and power lines, and the construction of retaining walls.

Buildings are roofed structures used for the permanent or temporary shelter of persons, animals, plants, or equipment. The buildings account includes the value of all buildings at purchase price or construction cost by campus location. When buildings are constructed, all identifiable direct costs are included in the valuation. Direct costs include labor, material, and professional services to construct the building, together with insurance, interest and other costs incurred during the period of construction to ready the building for its intended use.

Building Improvements are improvements made to existing buildings. Any renovation or alteration to an existing building that adds useful space to the structure or extends the facility’s useful life will be considered a capital asset. Conversely, improvements that do not add useful space to the structure, or extend the facility’s useful life will be considered maintenance and repair.

Leasehold Improvements are improvements to buildings leased to <Parish Name, City> are capitalized if they meet capitalization standards applicable to such improvements on Parish-owned property.

Technology Equipment consists of long-lived capital assets that normally are technological in nature and are the basis of <Parish Name, City>’s information/connectivity infrastructure. Technology equipment includes all hardware, software, and cabling associated with Parish-wide systems. Special guidelines for the capitalization of software are set forth in SOP 98-1 and are explained below (Section 07).

Infrastructure consists of long-lived capital assets that normally are stationary in nature and normally can be preserved. Infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

06. Valuation of Capitalized Equipment

The valuation of equipment, whether purchased or fabricated, is based on unit cost. The total unit cost is determined by the sum of:

1. The cash disbursed (purchase price less applicable discounts plus applicable transportation and installation charges) for each unit;
2. The net book value of any assets given in exchange; and
3. The present value of any liability incurred.

If the equipment is acquired by gift, the valuation is the fair market value at the date of the gift, if determinable. Otherwise, an appraised value is used. If acquired by loan (usually from a grant or contract sponsor), the value assigned to the equipment by the sponsor will be used.

07. Capitalization of Software

<Parish Name, City> is required to adopt the American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 98.1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.

Internal Use Software - For software to be considered for internal use, the software must meet the following tests - it must be acquired, internally developed or modified solely to meet <Parish Name, City>'s internal needs, and during the software's development or modification, the Parish must not have a substantive plan to market the software externally to other organizations.

Capitalization of Software Costs - Software implementation generally involves three phases. These phases and their characteristics are as follows:

1. **Preliminary project phase** – Stage when conceptual formulation of alternatives, the evaluation of alternatives, the determination that the technology needed to achieve performance requirements exists, and the final selection from among the alternatives is made.
2. **Application development/implementation phase** - Design of chosen path including software configuration and software interfaces, coding, installation of computer hardware, testing, including parallel processing phase, employee and consultant travel expenses and consultant fees.
3. **Post-implementation/operation phase** - training and application maintenance activities incurred after phase two is complete.

Costs associated with the preliminary project and the post-implementation/operating phases should be expensed as incurred. Internal and external costs associated with the application development phase should be capitalized. Costs to develop or obtain software that allows for access or conversion of old data by new information systems should also be capitalized. General and administrative costs and overhead expenditures associated with software development should not be capitalized as costs of internal use software. Training costs are not internal-use software development costs and, if incurred during this stage, should be expensed as incurred.

Capitalization of costs begin when the preliminary project phase is complete and <Parish Name, City> management has implicitly or explicitly authorized or commits to funding the software project with the intent it will be completed and used to perform its planned functions.

Capitalization ceases no later than the time at which substantial testing is complete and the software is ready for its intended purpose or rendered in service.

Upgrades and Enhancements - In order for costs of specified upgrades and enhancements to internal-use computer software to be capitalized, it must be probable that those expenditures will result in additional functionality -- that is, modifications to enable the software to perform tasks that it was previously incapable of performing. Upgrades and enhancements normally require new software specifications and may also require a change to all or part of the existing software specifications.

08. Gifts in Kind

Gifts of donated capital equipment that meet the applicable threshold and have a useful life greater than one year should be added to the fixed asset spread sheet to ensure an accurate accounting of all <Parish Name, City> owned equipment. If a department directly receives a gift in kind they should inform Development immediately. Development will provide detailed information of gifts in kind to the <Accounting Manager> upon receipt of the gift or through a monthly report submitted to the <Business Administrator>.

09. Other Capital Assets

Construction-In-Progress (CIP) – CIP is the cost of buildings or other capital projects that are under construction as of the balance sheet date. CIP represents a temporary capitalization of labor, materials, and equipment of a construction project. When the constructed asset is substantially complete, costs in the CIP account are classified to one or more of the major asset categories and corresponding reductions must be made to the CIP account.

10. Acquisition of Capital Equipment

The acquisition of movable equipment starts with the authorization of the <Pastor>. All orders for equipment must be submitted to the <Accounting Manager>.

Purchases are subject to fund availability and budget limitations.

Special requirements do exist for certain types of movable equipment. For example, Computer IT equipment purchases must be approved by the <Computer Services Department>.

All other purchases of equipment, that do not meet the capitalization threshold or do not have a useful life greater than one year, are expensed in the year of purchase and should be charged to the department’s supplies expense line.

When the item is received and the invoice is sent to Accounts Payable for processing, the balance sheet code is used to record the purchase and a copy of the documentation is forwarded to the <Accounting Manager> for appropriate inclusion in the <ParishSOFT Fixed Asset Module or Fixed Asset Excel spreadsheet>. The invoice sent to Accounts Payable should clearly indicate the acquisition it is attached to, particularly for items that arrive in various stages with separate invoices.

The acquiring department is responsible for assigning the appropriate <Parish Name, City> account number when making capital purchases. Individuals should be certain to use the correct account number in all circumstances. The fixed asset account codes tied to general ledger are:

- Buildings and Building Improvements
- Furniture and Fixtures
- Duplication Equipment
- Automobiles

11. Ownership of Capitalized Equipment

Generally, <Parish Name, City> owns all equipment purchased with Parish funds (includes restricted, unrestricted, gift, contract, etc.).

12. Depreciation Policy

Depreciation is the allocation of the total acquisition cost of a fixed asset over its estimated useful life.

Land, certain land improvements, construction-in-progress, inexhaustible works of art, historical treasures and similar assets are not depreciated. Land is considered to have an unlimited useful life and its salvage value is unlikely to be less than its acquisition cost. Certain land improvements may be considered to have an unlimited useful life and therefore are not to be depreciated.

Depreciation of fixed assets is computed on a straight-line basis over their estimated useful lives (capitalized cost divided by useful life) using a half year convention in the year of purchase as follows:

- Land Improvements 10-20 years
- Infrastructure 5-20 years
- Buildings 15-90 years
- Software 3-7 years
- Building Improvements 10-80 years
- Equipment 3-20 years
- Leasehold Improvements 5-20 years
- Vehicles 3-5 years

The <Accounting Manager>, under the direction of the <Business Administrator>, will assign a useful based on the type of assets. The estimated useful life of a depreciable asset is the period over which services are expected to be rendered by the asset. Depreciation is started when the asset is put in service on a straight line basis reflecting the half year convention. Depreciation is calculated and recorded on a <monthly/quarterly/annual> basis for financial reporting purposes.

13. Proper Accounting of Capital Assets

The <ParishSOFT Fixed Asset Module or Fixed Asset Excel spreadsheet> requires periodic update and maintenance, including reconciliation to the general ledger, to remain current and valuable.

To qualify as a capital asset, the item must meet the following requirements:

1. It must be real property
2. The unit cost should be
   a. Buildings and related improvements $5,000 or more
   b. Furniture and Equipment $1,500 or more
   c. Duplication equipment $1,500 or more
   d. Automobiles $3,000 or more
3. It has a useful life of at least one year
4. In some cases, multiple items can be grouped together as multi-component asset, even though individually they would not qualify.

If a purchase does not qualify as a capital asset, then the item should be expensed.

For all transactions involving non-movable capital asset purchases or additions, such as buildings, building renovations and improvements, and leasehold improvements, notification of changes impacting property, plant, and equipment should be sent to the <Business Administrator> and the <Accounting Manager> in order to maintain a complete system of record for financial reporting purposes.

14. Maintenance of Capital Assets

In order to maintain an adequate fixed asset accounting system that allows for overall safeguarding of fixed assets, the Fixed Asset spread sheet requires periodic update and maintenance to remain current and valuable. Additional fixed asset acquisitions, transfers, sale of surplus, disposal and corrections must be entered into the system in a timely manner (monthly). It is imperative that those responsible comply with this document to establish and maintain accurate fixed asset records.

The <Accounting Manager> will provide <Department Heads> with a listing of all reportable property by departmental area when requested.

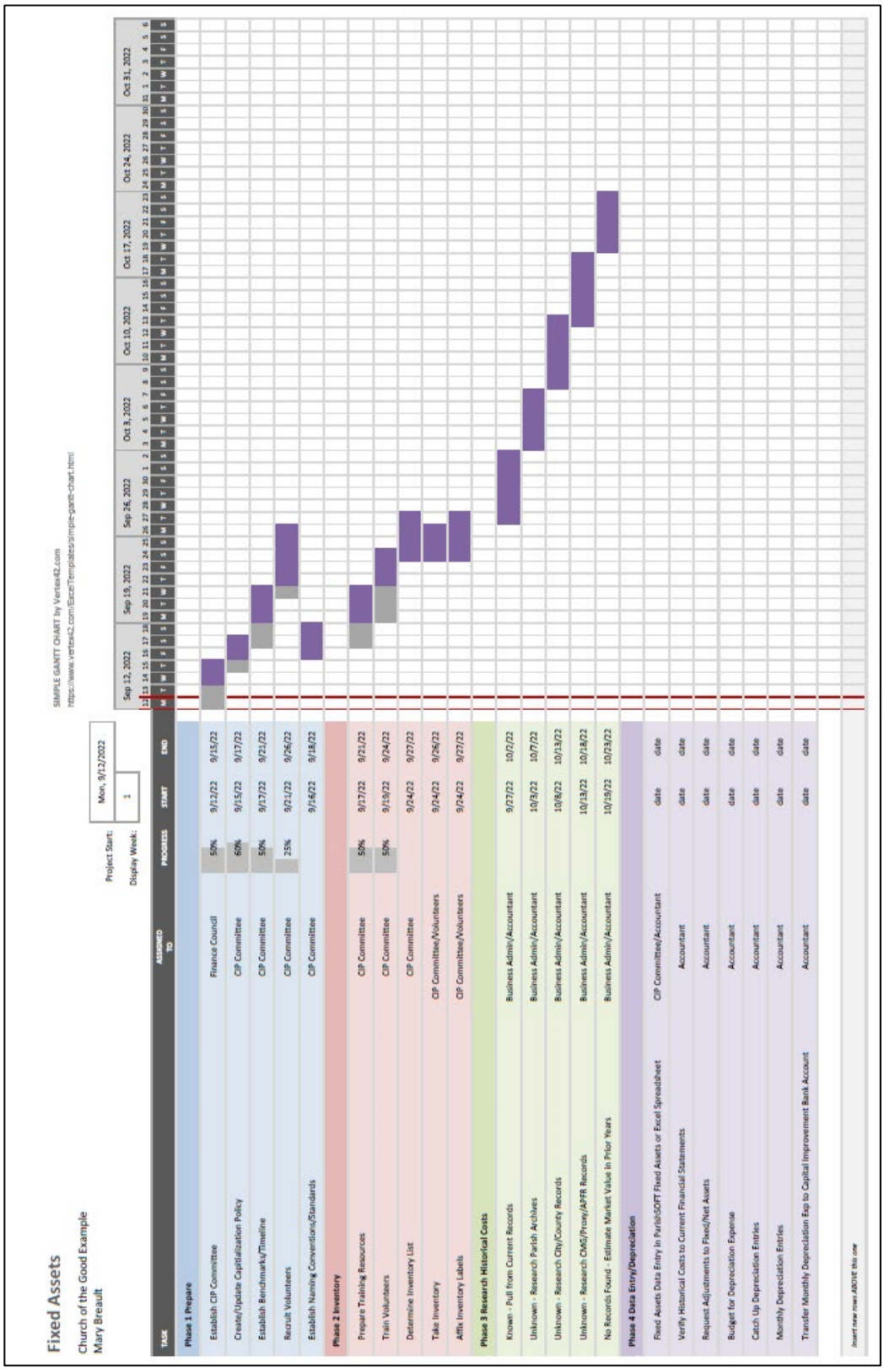
Lost or stolen property must be reported as soon as the loss or theft is known. In the case of known or suspected theft, the <Accounting Manage>r and the <Department Head> must send a written report to the <Business Administrator> and notify our insurance provider.

15. Disposition of Assets – Movable Equipment

The Fixed Asset Coordinator is responsible for changing the status of records when the disposition of assets occurs. In general, surplus or obsolete equipment may be disposed of by transferring to another department, discarding/scrapping, trading-in, donating, or selling the asset. When selling, donating, or disposing of assets, the department responsible for the asset must inform the Controller. This information should be sent to the <Accounting Manager> to notify of the department's disposition of the asset. The <Accounting Manager> will provide the approvals necessary to proceed with the disposition of the asset by written form back to the department with the appropriate approvals.

Disposals other than what would be considered in the normal course require special authorization by the <Pastor>. For example, employees are allowed to purchase equipment once the department has received prior approval of the sale of Parish property from the Pastor>. The purchase price must be the greater of the fair market value or the net book value.

Appendix D – Project Management Template



Appendix E – Useful Life Standards

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
General Useful Life					
Art & Antiques			N/A	PFM	N
Buildings			50-90	PFM	Y
Columbarium			10[2]	CMG	
Information Systems	Desktop, Laptop, Tablet, Printers, Peripherals		6	MACRS	Y
Land			N/A	PFM	N
Land Improvements	Parking Lot, Drainage System, Irrigation System		15	PFM	Y
Equipment and Machinery	Lawn Mower, Snow Blower		20	PFM	Y
Sacred and Liturgical	Chalice, Ciborium, Chasuble		N/A	PFM	N
Vehicles	Automobile		3	MACRS	Y
Vehicles	Bus		9	MACRS	Y
Vehicles	Heavy General Purpose Truck (unloaded weight 13,000 pounds or more)		6	MACRS	Y
Vehicles	Light General Purpose Truck (unloaded weight less than 13,000 pounds)		4	MACRS	Y
Building Improvement Components					
Data Handling Equipment	Copier		6	MACRS	Y
Data Handling Equipment	Typewriter		6	MACRS	Y
Electrical	Automatic Transfer Switch		25	BOMA	Y
Electrical	Batteries		5	BOMA	Y
Electrical	Branch Circuit Wiring and Devices		30	BOMA	Y
Electrical	Circuit Breakers		30	BOMA	Y
Electrical	Electric Motors		18	BOMA	Y
Electrical	Electric Transformers	Dry Type	30	BOMA	Y

[2] Unlike other assets, the useful life of a columbaria for depreciation purposes is based upon the period of time the columbaria is actively used for interments and not the operating life for usefulness. On average, a columbaria is filled within 10 years and is no longer available for additional interments.

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
Electrical	Electric Transformers	Oil-Filled	30	BOMA	Y
Electrical	Emergency Engine Generator Set		20	BOMA	Y
Electrical	Ground Fault Circuit Interrupter (GFCI) Switch		25	BOMA	Y
Electrical	Light Fixtures		20	BOMA	Y
Electrical	Lightning Protection		40	BOMA	Y
Electrical	Motor Control Center		30	BOMA	Y
Electrical	Power Panels	Light and Power Distribution Panel Boards	30	BOMA	Y
Electrical	Power Panels	Switchgear and Service Entrance Equipment	40	BOMA	Y
Electrical	Solar Photovoltaic Collector Panels		20	BOMA	Y
Electrical	Uninterrupted Power Supply	Battery	10	BOMA	Y
Electrical	Uninterrupted Power Supply	Rotary	15	BOMA	Y
Electrical	Wire and Cable	600 V and below	40	BOMA	Y
Electrical	Wire and Cable	Above 600 V	30	BOMA	Y
Elevator/Escalator	Controllers	Computer Based	20	BOMA	Y
Elevator/Escalator	Controllers	Electromechanical Relay Based[3]	30	BOMA	Y
Elevator/Escalator	Elevator	Cab Interior Finish	10	BOMA	Y
Elevator/Escalator	Elevator	Carpet	0.5	BOMA	Y
Elevator/Escalator	Elevator	Geared Traction	35	BOMA	Y
Elevator/Escalator	Elevator	Hydraulic: Car and Pump Unit	35	BOMA	Y
Elevator/Escalator	Elevator	Traction[4]	50	BOMA	Y
Elevator/Escalator	Elevator[5]	Hydraulic: Underground Cylinder Dry Location	15	BOMA	Y
Elevator/Escalator	Elevator Door Operators	Freight or Service Used For Carts	10	BOMA	Y

[3] Earlier replacement may be driven by energy, performance, reliability or safety.

[4] Gearless traction elevators may warrant earlier replacement or costly upgrade for performance reasons.

[5] Elevator hoistways are expected to last for the life of the building, though rails, ropes, doors and landing plates and other trim may require renewal.

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
Elevator/Escalator	Elevator Door Operators	Passenger	20	BOMA	Y
Elevator/Escalator	Escalator	In Dry Location Not For Mass Transit	40	BOMA	Y
Elevator/Escalator	Escalator	In Wet Location or For Mass Transit	20	BOMA	Y
Elevator/Escalator	Wheelchair and Stairway Chair Lift		25	BOMA	Y
Fire, Life Safety & Security System	Closed Circuit TV System	Cameras	65	BOMA	Y
Fire, Life Safety & Security System	Closed Circuit TV System	Computer Control	10	BOMA	Y
Fire, Life Safety & Security System	Closed Circuit TV System	Monitors	53	BOMA	Y
Fire, Life Safety & Security System	Closed Circuit TV System	Pan and Tilt Motors	53	BOMA	Y
Fire, Life Safety & Security System	Fire Alarm Systems	Activation Devices (Pull Station - Smoke Detector - etc.)	10	BOMA	Y
Fire, Life Safety & Security System	Fire Alarm Systems	Control Panels	15	BOMA	Y
Fire, Life Safety & Security System	Fire Alarm Systems	Notification Devices (AV Horn/Strobe)	15	BOMA	Y
Fire, Life Safety & Security System	Fire Alarm Systems	Wiring	30	BOMA	Y
Fire, Life Safety & Security System	Fire Pumps	Electric Motor Driven	25	BOMA	Y
Fire, Life Safety & Security System	Fire Pumps	Engine Driven	20	BOMA	Y
Fire, Life Safety & Security System	Security Systems	Activation Devices (Access Entry - Motion Sensor - etc.)	10	BOMA	Y
Fire, Life Safety & Security System	Security Systems	Control Panels	15	BOMA	Y
Fire, Life Safety & Security System	Security Systems	Notification Devices (Horn - Dialer)	15	BOMA	Y
Fire, Life Safety & Security System	Sprinkler Systems	Equipment and Devices (Flow	20	BOMA	Y

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
		Switch - Dry Pipe Valve - etc.)			
Fire, Life Safety & Security System	Sprinkler Systems	Heads	25	BOMA	Y
Fire, Life Safety & Security System	Sprinkler Systems	Piping Systems	40	BOMA	Y
Fire, Life Safety & Security System	Standby Power Supply: Battery		5	BOMA	Y
Fire, Life Safety & Security System	Standby Power Supply: Battery		5	BOMA	Y
Furniture & Fixtures	Office Furniture	Desks	10	MACRS	Y
Furniture & Fixtures	Office Furniture	Files	10	MACRS	Y
Furniture & Fixtures	Office Furniture	Safes	10	MACRS	Y
HVAC[6]	Air Conditioners	Commercial	10	BOMA	Y
HVAC	Air Conditioners	Computer Room Unit	15	BOMA	Y
HVAC	Air Conditioners	Residential Single or Split Package	15	BOMA	Y
HVAC	Air Conditioners	Water-Cooled Package	20	BOMA	Y
HVAC	Air Handling Units	Built-Up Heavy Duty	30	BOMA	Y
HVAC	Air Handling Units	Packaged Medium-Duty	25	BOMA	Y
HVAC	Air Handling Units	Severe Duty or 100% Outside Air	20	BOMA	Y
HVAC	Air Terminals	Diffusers, Grilles, Registers	30	BOMA	Y
HVAC	Air Washers & Humidifiers	Pan, Wheel, Wetted Element	8	BOMA	Y
HVAC	Air Washers & Humidifiers	Spray	12	BOMA	Y
HVAC	Air Washers & Humidifiers	Steam	15	BOMA	Y
HVAC	Boiler Chimneys and Flues	Masonry Chimney	50	BOMA	Y
HVAC	Boiler Chimneys and Flues	Metal Flue and Breeching	20	BOMA	Y

[6] HVAC Equipment life is based on approximately 3500 operating hours, 1800 equivalent full load hours use/year and a normal amount of on-off cycles. This is equivalent to 21 percent annual average load factor. More hours of use/year and more frequent cycling will decrease lifetime.

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
HVAC	Boiler Chimneys and Flues	Steel Chimney	30	BOMA	Y
HVAC	Boilers - Hot Water	Cast Iron	30	BOMA	Y
HVAC	Boilers - Hot Water	Condensing	15	BOMA	Y
HVAC	Boilers - Hot Water	Electric	25	BOMA	Y
HVAC	Boilers - Hot Water	Steel Fire-Tube	30	BOMA	Y
HVAC	Boilers - Hot Water	Steel Water-Tube	30	BOMA	Y
HVAC	Boilers - Steam	Cast Iron	30	BOMA	Y
HVAC	Boilers - Steam	Steel Fire-Tube	25	BOMA	Y
HVAC	Boilers - Steam	Steel Water-Tube 2	8	BOMA	Y
HVAC	Burners		18	BOMA	Y
HVAC	Cast Iron	Steam or Hot Water Fin Tube	15	BOMA	Y
HVAC	Coils—Fluid to Air	Cooling and Dehumidifying	12	BOMA	Y
HVAC	Coils—Fluid to Air	Direct Expansion (refrigerant)	18	BOMA	Y
HVAC	Coils—Fluid to Air	Electric	12	BOMA	Y
HVAC	Coils—Fluid to Air	Water/Steam Heating	20	BOMA	Y
HVAC	Condensers	Air-Cooled	20	BOMA	Y
HVAC	Condensers	Evaporative	15	BOMA	Y
HVAC	Control Sensors	Air Flow	10	BOMA	Y
HVAC	Control Sensors	Humidity CO2	5	BOMA	Y
HVAC	Control Sensors	Temperature	20	BOMA	Y
HVAC	Control Sensors	Water Flow	5	BOMA	Y
HVAC	Controllers	Computer Front End Controls	15	BOMA	Y
HVAC	Controllers	Electric	20	BOMA	Y
HVAC	Controllers	Electronic	20	BOMA	Y
HVAC	Controllers	Pneumatic	18	BOMA	Y
HVAC	Cooling Towers	Ceramic	35	BOMA	Y
HVAC	Cooling Towers	Fiberglass	35	BOMA	Y
HVAC	Cooling Towers	Fill Media	15	BOMA	Y
HVAC	Cooling Towers	Galvanized or Coated Steel	18	BOMA	Y
HVAC	Cooling Towers	Stainless Steel	25	BOMA	Y
HVAC	Cooling Towers	Wood	20	BOMA	Y

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
HVAC	Dampers	Fixed (balancing) or Fusible Link (fire)	30	BOMA	Y
HVAC	Dampers	Operable or Automatic	20	BOMA	Y
HVAC	Ductwork	Fiberglass	15	BOMA	Y
HVAC	Ductwork	Flexible Round	10	BOMA	Y
HVAC	Ductwork	Galvanized Steel, Aluminum, Black Iron	30	BOMA	Y
HVAC	Electric Motors	With Soft Start	25	BOMA	Y
HVAC	Electric Motors	Without Soft Start	18	BOMA	Y
HVAC	Electric Transformers	Dry Type	30	BOMA	Y
HVAC	Electric Transformers	Oil-Filled	30	BOMA	Y
HVAC	Fans	Axial	20	BOMA	Y
HVAC	Fans	Centrifugal	25	BOMA	Y
HVAC	Fans	Propeller	15	BOMA	Y
HVAC	Fans	Ventilating Roof-Mounted	20	BOMA	Y
HVAC	Furnaces	Condensing	15	BOMA	Y
HVAC	Furnaces	Gas Fired	18	BOMA	Y
HVAC	Furnaces	Oil Fired	18	BOMA	Y
HVAC	Heat Exchangers	Commercial: Shell and Tube - Steam to Domestic Water - Steam to Domestic Water	13	BOMA	Y
HVAC	Heat Exchangers	Commercial: Shell and Tube - Steam to Heating Water - Steam to Heating Water	20	BOMA	Y
HVAC	Heat Exchangers	Commercial: Shell and Tube - Water to Domestic Water - Water to Domestic Water	15	BOMA	Y
HVAC	Heat Exchangers	Commercial: Shell and Tube - Water	25	BOMA	Y

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
		to Water - Water to Water			
HVAC	Heat Exchangers	Energy Recovery Air to Air	12	BOMA	Y
HVAC	Heat Exchangers	Energy Recovery Heat Pipe	20	BOMA	Y
HVAC	Heat Exchangers	Energy Recovery Water	12	BOMA	Y
HVAC	Heat Exchangers	Energy Recovery Wheel	15	BOMA	Y
HVAC	Heat Exchangers	Plate and Frame	25	BOMA	Y
HVAC	Heat Exchangers	Residential Immersion Coil	25	BOMA	Y
HVAC	Heat Pumps	Commercial Air-to-Air	15	BOMA	Y
HVAC	Heat Pumps	Commercial Water-to-Air	18	BOMA	Y
HVAC	Heat Pumps	Residential Air-to-Air	12	BOMA	Y
HVAC	Heaters	Electric Radiant or Convector	10	BOMA	Y
HVAC	Heaters	Radiant Gas	18	BOMA	Y
HVAC	Heaters	Radiant Hot Water	25	BOMA	Y
HVAC	Heaters	Steam or Hot Water Convector	50	BOMA	Y
HVAC	Heating and Cooling Piping System	Above Ground	30	BOMA	Y
HVAC	Heating and Cooling Piping System	Ground Source Heat Exchange Loops	40	BOMA	Y
HVAC	Heavy Gauge - Coated	Diffusers, Grilles, Registers	15	BOMA	Y
HVAC	Insulation (not subject to condensation or leaks)	Blanket	25	BOMA	Y
HVAC	Insulation (not subject to condensation or leaks)	Molded	20	BOMA	Y
HVAC	Mild Exhaust	Kitchen or Other Soiled Exhaust	15	BOMA	Y

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
HVAC	Motor Starters	In Dry Noncorrosive Areas	25	BOMA	Y
HVAC	Motor Starters	In Wet or Corrosive Areas (cooling towers)	10	BOMA	Y
HVAC	Oil Storage Tank with Corrosion Protection	Above Ground	25	BOMA	Y
HVAC	Oil Storage Tank with Corrosion Protection	Underground	20	BOMA	Y
HVAC	Oil Storage Tank with Corrosion Protection	Underground: FRP Coated Steel	30	BOMA	Y
HVAC	Package Chillers	Absorption	30	BOMA	Y
HVAC	Package Chillers	Centrifugal	20	BOMA	Y
HVAC	Package Chillers	Screw	20	BOMA	Y
HVAC	Package Chillers	Scroll	15	BOMA	Y
HVAC	Package Chillers[7]	Reciprocating	20	BOMA	Y
HVAC	Perforated or Light Gauge	CAV Boxes	25	BOMA	Y
HVAC	Perforated or Light Gauge	Double Duct Boxes	25	BOMA	Y
HVAC	Perforated or Light Gauge	Fan Powered VAV Boxes	17	BOMA	Y
HVAC	Perforated or Light Gauge	Fan-Coil Units	20	BOMA	Y
HVAC	Perforated or Light Gauge	Induction Units	35	BOMA	Y
HVAC	Perforated or Light Gauge	Variable Volume Temperature Boxes	15	BOMA	Y
HVAC	Perforated or Light Gauge	VAV Boxes Cooling Only	25	BOMA	Y
HVAC	Pumps	Base Mounted	25	BOMA	Y
HVAC	Pumps	Condensate	15	BOMA	Y
HVAC	Pumps	In-line	15	BOMA	Y
HVAC	Pumps	Sump-Submerged	10	BOMA	Y
HVAC	Pumps	Well-Submerged	10	BOMA	Y

[7] Chillers using CFCs, especially R-12 may require replacement or significant upgrade before the end of their life due to refrigerant unavailability. Chillers using HFCs such as R-123 are expected to have access to an active market of recycled refrigerant. Companies with large inventories of equipment can get full service life of existing equipment by "banking" their own refrigerants reclaimed from retired equipment in accordance with EPA and other regulations.

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
HVAC	Reciprocating Air Compressors		15	BOMA	Y
HVAC	Reciprocating Engines	Back-Up Service	20	BOMA	Y
HVAC	Reciprocating Engines	Continuous Service	5	BOMA	Y
HVAC	Roof-Top Air Conditioners	Multi Zone	18	BOMA	Y
HVAC	Roof-Top Air Conditioners	Single Zone	18	BOMA	Y
HVAC	Roof-Top Air Conditioners	VAV	20	BOMA	Y
HVAC	Steam Turbines		30	BOMA	Y
HVAC	Unit Heaters	Electric	15	BOMA	Y
HVAC	Unit Heaters	Gas	13	BOMA	Y
HVAC	Unit Heaters	Hot Water	20	BOMA	Y
HVAC	Unit Heaters	Steam	20	BOMA	Y
HVAC	Valve and Damper Actuators	Hydraulic	15	BOMA	Y
HVAC	Valve and Damper Actuators	Motorized Electric	18	BOMA	Y
HVAC	Valve and Damper Actuators	Pneumatic	20	BOMA	Y
HVAC	Valve and Damper Actuators	Self-Contained	10	BOMA	Y
HVAC	Air Conditioners	Window Unit	10	BOMA	Y
Interior Finishes	Ceilings	Metal	25	BOMA	Y
Interior Finishes	Ceilings	Plaster/Drywall with Skim Coat	30	BOMA	Y
Interior Finishes	Ceilings	Suspended: Ceiling Tiles	13	BOMA	Y
Interior Finishes	Ceilings	Suspended: Lay-In System	25	BOMA	Y
Interior Finishes	Ceilings	Suspended: Spline System	20	BOMA	Y
Interior Finishes	Ceilings	Wood	30	BOMA	Y
Interior Finishes	Door Hardware	Automatic Doors	5	BOMA	Y
Interior Finishes	Door Hardware	Closures	7	BOMA	Y
Interior Finishes	Door Hardware	Entry Lock Sets	7	BOMA	Y

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
Interior Finishes	Flooring (Sealed When Porous - Except For Carpet)	Carpet: Common Area - Broad Loom	5	BOMA	Y
Interior Finishes	Flooring (Sealed When Porous - Except For Carpet)	Carpet: Common Area - Carpet Tiles	5	BOMA	Y
Interior Finishes	Flooring (Sealed When Porous - Except For Carpet)	Carpet: Common Area - Loop Pile	15	BOMA	Y
Interior Finishes	Flooring (Sealed When Porous - Except For Carpet)	Concrete	50	BOMA	Y
Interior Finishes	Flooring (Sealed When Porous - Except For Carpet)	Epoxy Coating (Two Part)	10	BOMA	Y
Interior Finishes	Flooring (Sealed When Porous - Except For Carpet)	Hardwood: Finish	10	BOMA	Y
Interior Finishes	Flooring (Sealed When Porous - Except For Carpet)	Hardwood: Substrate	50	BOMA	Y
Interior Finishes	Flooring (Sealed When Porous - Except For Carpet)	Stone: Granite	75+	BOMA	Y
Interior Finishes	Flooring (Sealed When Porous - Except For Carpet)	Stone: Marble	50	BOMA	Y
Interior Finishes	Flooring (Sealed When Porous - Except For Carpet)	Terrazzo	50	BOMA	Y
Interior Finishes	Flooring (Sealed When Porous - Except For Carpet)	Vinyl: Sheet	12	BOMA	Y
Interior Finishes	Flooring (Sealed When Porous - Except For Carpet)	Vinyl: Tile	12	BOMA	Y
Interior Finishes	Standby Power Supply: Battery		5	BOMA	Y
Interior Finishes	Walls	Epoxy (Two Part)	15	BOMA	Y
Interior Finishes	Walls	Fabric	5	BOMA	Y
Interior Finishes	Walls	Painted	5	BOMA	Y

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
Interior Finishes	Walls	Vinyl Wall Covering	10	BOMA	Y
Interior Finishes	Walls	Wall Paper	4	BOMA	Y
Interior Finishes	Walls	Wood Finishes	15	BOMA	Y
Parking Decks/Lots Surface	Outside	Covered Paving (Open at Sides)	40	BOMA	Y
Parking Decks/Lots Surface	Outside	Exposed Paving at Grade or Topmost Level	30	BOMA	Y
Parking Decks/Lots Surface	Underground		Life of Building	BOMA	Y
Playground Equipment			20	PFM	Y
Plumbing	Backflow Prevention	Heavy Duty (Main Service)	30	BOMA	Y
Plumbing	Backflow Prevention	Light Duty	10	BOMA	Y
Plumbing	Compressors and Vacuum Pumps		15	BOMA	Y
Plumbing	Compressors and Vacuum Pumps		15	BOMA	Y
Plumbing	Domestic Water Piping Systems	Hot and Cold Water (Copper or Plastic)	30	BOMA	Y
Plumbing	Domestic Water Piping Systems	Kitchen Waste	20	BOMA	Y
Plumbing	Domestic Water Piping Systems	Waste Piping (PVC or Cast Iron)	30	BOMA	Y
Plumbing	Fixtures: Commercial	Faucets	7	BOMA	Y
Plumbing	Fixtures: Commercial	Refrigerated Drinking Fountain	15	BOMA	Y
Plumbing	Fixtures: Commercial	Sinks	30	BOMA	Y
Plumbing	Fixtures: Commercial	Urinals	30	BOMA	Y
Plumbing	Fixtures: Commercial	Water Closets	30	BOMA	Y
Plumbing	Flush Valves		12	BOMA	Y
Plumbing	Gas Piping Systems	Compressed Air	20	BOMA	Y
Plumbing	Gas Piping Systems	Fuel Gas Threaded	30	BOMA	Y
Plumbing	Gas Piping Systems	Fuel Gas Welded	40	BOMA	Y
Plumbing	Gas Piping Systems	Medical Gas	40	BOMA	Y
Plumbing	Pumps	Base Mounted	25	BOMA	Y
Plumbing	Pumps	In-line	15	BOMA	Y
Plumbing	Pumps	Sewage Ejector	10	BOMA	Y

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
Plumbing	Pumps	Sump-Submerged or Pedestal	10	BOMA	Y
Plumbing	Pumps	Well-Submerged	10	BOMA	Y
Plumbing	Water Heaters with Longer Warranties	Electric - Heavy Use or Tankless	10	BOMA	Y
Plumbing	Water Heaters with Longer Warranties	Gas Fired - Heavy Use or Tankless	10	BOMA	Y
Plumbing	Water Heaters with Longer Warranties	Gas Fired - Normal Use	15	BOMA	Y
Plumbing	Water Heaters with Longer Warranties	Oil Fired	18	BOMA	Y
Plumbing	Water Heaters with Longer Warranties	Solar Thermal Collectors	20	BOMA	Y
Plumbing	Water Softeners		25	BOMA	Y
Plumbing[8]	Water Heaters with Longer Warranties	Electric - Normal Use	15	BOMA	Y
Roofing and Siding	2-Ply Modified Bitumen (Mopped Down)	Flat (Dead Level)	15	BOMA	Y
Roofing and Siding	2-Ply Modified Bitumen (Mopped Down)	Sloped (1/4 inch per foot)	20	BOMA	Y
Roofing and Siding	4-Ply Built-Up	Asphalt: Flat (Dead Level)	18	BOMA	Y
Roofing and Siding	4-Ply Built-Up	Asphalt: Sloped (1/4 inch per foot)	25	BOMA	Y
Roofing and Siding	4-Ply Built-Up	Cold-Tar	35	BOMA	Y
Roofing and Siding	4-Ply Built-Up	Hot Applied Rubberized Asphalt (Protected Membrane Assembly)	30	BOMA	Y
Roofing and Siding	Asphalt Shingles	15 Year	15	BOMA	Y
Roofing and Siding	Asphalt Shingles	20 Year	20	BOMA	Y
Roofing and Siding	Asphalt Shingles	25 Year	25	BOMA	Y
Roofing and Siding	Asphalt Shingles	30 Year	30	BOMA	Y
Roofing and Siding	Clay/Concrete Tile		50+	BOMA	Y
Roofing and Siding	Compressors and Vacuum Pumps		15	BOMA	Y
Roofing and Siding	Metal	Custom Fabricated Flat	50+	BOMA	Y

[8] For energy and water conservations reasons, it may be advantageous to replace water heaters and fixtures prior to the end of useful life.

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
		Seam (Copper - Lead Coated Copper - Terne Coated Stainless Steel)			
Roofing and Siding	Metal	Custom Fabricated Standing Seam Roofing (Copper - Lead Coated Copper - Terne Coated Stainless Steel)	75+	BOMA	Y
Roofing and Siding	Metal	Pre-manufactured Architectural Roof Panels (Prefinished Galvanized Steel)	25	BOMA	Y
Roofing and Siding	Metal	Structural Roof Panels (Prefinished Galvanized Steel)	25	BOMA	Y
Roofing and Siding	Siding	Masonry	75	BOMA	Y
Roofing and Siding	Siding	Metal	30	BOMA	Y
Roofing and Siding	Siding	Stone	100	BOMA	Y
Roofing and Siding	Siding	Vinyl	30	BOMA	Y
Roofing and Siding	Siding	Wood (Painted 7-10 years)	30	BOMA	Y
Roofing and Siding	Single Ply	EPDM: Flat (Dead Level)	15	BOMA	Y
Roofing and Siding	Single Ply	EPDM: Sloped (1/4 inch per foot)	20	BOMA	Y
Roofing and Siding	Single Ply	Modified Bitumen (Touched On): Flat (Dead Level)	10	BOMA	Y
Roofing and Siding	Single Ply	Modified Bitumen (Touched On): Sloped (1/4 inch per foot)	15	BOMA	Y
Roofing and Siding	Single Ply	Thermoplastic (Hypalon - PVC)	20	BOMA	Y

Asset Class	Category 1	Category 2	Useful Life	Source	Depreciate?
Roofing and Siding	Slate	S-1	100	BOMA	Y
Roofing and Siding	Slate	S-2	75	BOMA	Y
Roofing and Siding	Slate	S-3	50	BOMA	Y
Roofing and Siding	Spray-On Polyurethane Foam Roofing		10	BOMA	Y
Structural	Concrete		Life of Building	BOMA	Y
Structural	Façade	Brick - Block - Stone	Life of Building	BOMA	Y
Structural	Façade	Concrete: Poured in Place	Life of Building	BOMA	Y
Structural	Façade	Glass Curtain Wall	50	BOMA	Y
Structural	Façade	Metal Curtain Wall	50	BOMA	Y
Structural	Façade	Precast Panels	35	BOMA	Y
Structural	Façade	Stone Veneer	50	BOMA	Y
Structural	Façade	Windows (Operable or Gasketed)	30	BOMA	Y
Structural	Steel		Life of Building	BOMA	Y
Structural	Wood		Life of Building	BOMA	Y

Appendix E – Collections (Art & Antiques)

The following information was provided by CliftonLarsonAllen regarding the recording and reporting of Collections of Art and should be reviewed by all Parishes prior to updating their records.

201.170 Collections include works of art, rare books and documents, botanical specimens, and other items held for display or study by museums, libraries, historical societies, etc. Collection items may be acquired by either donation or purchase.

201.171 Collections are works of art, historical treasures, or similar assets that meet *all* of the following criteria:

- The collection is held for exhibition to the public, for educational purposes or for research in furtherance of public service and not for financial gain.
- The collection is protected, cared for, and preserved.
- There is an organization policy requiring any proceeds from the sale of collection items to be reinvested in other collection items or used for the direct care of existing collection items.

The term *direct care* is not defined in the accounting standards, but nonauthoritative guidance provides important characteristics to consider when determining which costs are considered direct care of collection items. The guidance states that when an organization makes that determination, important characteristics to consider include, but are not limited to, whether those costs-

- enhance the life, usefulness, or quality of the collection;
- provide a benefit to the collections (and not the organization as a whole or to other programs or supporting services of the organization); and
- exclude expenditures that are regular and ongoing in nature (such as expenditures for routine maintenance of the collection).

201.172 Accounting for collections depends on the organization's policy for recognizing collection items as assets. Organizations are required to select one of the three following collection capitalization policies:

- Capitalize all collection items.
- Capitalize no collection items.
- Capitalize prospectively only collection items acquired after a stated date.

Thus, nonprofit organizations are not required to capitalize contributed items that meet the definition of a collection (see paragraph 201.171). Organizations are nevertheless encouraged to retroactively capitalize previously acquired collections or capitalize collections on a prospective basis. Organizations are not allowed to capitalize only selected items or collections.

201.173 **All Collection Items Capitalized**
If an organization chooses to capitalize all collection items, purchased collection items should be measured at cost and donated collection items should be measured at fair value. Fair value is generally based on quoted market prices if available. If quoted market prices are not available, fair value should be based on quoted prices for similar items, appraisals, or other valuation techniques. If

an organization elects to retroactively capitalize its collections, special accounting rules allow the organization to capitalize the collection items at their cost or fair value at the date of acquisition, current cost, or current market value, whichever is most practical. A major uncertainty about the future economic benefit or service potential of a collection item may indicate the item should not be recorded (for example, a donated item used in scientific research that has no foreseeable alternative future use). Capitalized collections are not depreciated.

201.174 If an organization donates a capitalized collection item to another entity, decrease assets by the carrying amount of the asset donated, record contribution expense equal to the fair value of the donated asset, and recognize a gain or loss for the difference.

201.175 **Collections Not Capitalized**
Organizations that do not capitalize collections should separately recognize activities related to collections as follows:

- Costs of collection items purchased are a decrease in net assets.
- Proceeds from sales of collection items are an increase in net assets.
- Proceeds from insurance recoveries of lost or destroyed collection items are an increase in net assets.

The above items are recorded as changes in the appropriate net asset classification, depending on the presence or absence of donor-imposed restrictions related to the collection items. Contributions of noncapitalized collection items should *not* be recognized in the statement of activities.

201.176 **Collection Items Capitalized Prospectively**
If an organization chooses to capitalize only collection items acquired after a stated date, collection items acquired should be measured and recorded in the same manner as capitalized collection items described beginning in paragraph 201.173 . Similarly, the organization should treat activities related to noncapitalized collection items acquired prior to the stated date the same as it would for collection items not capitalized (described in paragraph 201.175).

201.177 **Depreciation**
Depreciation is not recognized on individual works of art of historical treasures whose economic benefits or service potential are used up so slowly their estimated useful lives are extremely long. According to GAAP, a work of art or historical treasure is considered to possess an extremely long life If
a. It has cultural, aesthetic, or historical value that is worth preserving perpetually, and
b. The organization has the technological and financial ability to protect and preserve the service potential of the item undiminished, and is doing that.

These characteristics are already demonstrated for many works of art and historical treasures in collections that have been capitalized. However, an asset that has come into existence recently cannot be assumed to possess both characteristics without verifiable evidence.

201.178 GAAP points out that wear and tear in its intended use, and the continuous destructive

effects of pollutants, vibrations, etc., may also use up the future economic benefit or service potential of an individual item within a collection. The collection item should be depreciated if the cultural, aesthetic, or historical value of the asset can be preserved, if at all, only by periodic major efforts to protect, clean, and restore it.

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- Thomson Reuters MACRS Asset Life Table
- Nonprofit Finance Fund “Best Practices for Nonprofit Financial Health”
- Altruic Advisors “Why Nonprofits Need a Capitalization Policy”
- Federal Reserve Bank of Minneapolis
- SmartSheet Project Management Template
- Dermody, Burke & Brown, CPAs, LLC - IRS Clarifies Capital Improvement vs Repair Expense?
- Simple Gantt Chart by Vertex42

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