

Hawkeye Area Community Action Program, Inc. Policy & Procedure	Policy # 136
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Capital Acquisition	Effective: April 28, 1983
APPROVED BY: HACAP Board approved	Revised: August 14, 2018

Policy Statement

A Capital Acquisition is an individual asset and/or class of assets that has useful life of more than five years and a cost of \$5,000 or more.

HACAP's policy on Capital Acquisition and Control of Capital Assets will comply with Office of Management and Budget's Uniform Guidance 2 CFR Part 200 and other applicable program regulations.

Process / Standard Operating Procedure

Target Audience

All Hawkeye Area Community Action Program, Inc. employees

Accounting Procedure

Equipment items purchased with governmental grant funds with a value of \$5,000 or more with an estimated life of more than five years will be reflected on the program balance sheet in an asset account and contra asset reserve account for the full amount of purchase. The purchase is then treated as a direct expense to the grant as defined in A-122 attachment B item 15-(4)-b.(2). Acquisitions over \$5,000 require specific approval of governmental grantor.

Equipment items purchased with non-governmental resources with a value of \$5,000 or more with an estimated life of more than five years will be reflected on the Hawkeye Area Community Action Program, Inc. agency accounts as an asset, reduce capital reserve account, and increase the equity account for the full amount of purchase. Only depreciation is recorded as expense to operating budgets. If the equipment is donated the treatment is the same as if there were a cash outlay with the value of the equipment recorded as in-kind income.

Real property purchased with governmental grants will be reflected on the Hawkeye Area Community Action Program, Inc. agency accounts as an asset and contra asset reserve account for the full amount of purchase. The purchase is then treated as a direct expense to the grant as defined in OMB's Uniform Guidance. Acquisitions over \$ 125,000 require specific approval of governmental grantor.

Real property purchased with non-governmental resources will be reflected on the Hawkeye Area Community Action Program, Inc. agency accounts as an asset, reduce capital reserve account,

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and increase the equity account for the full amount of purchase. Only depreciation is recorded as expense to operating budgets. If the property is donated the treatment is the same as if there were a cash outlay with the value of the property recorded as in-kind income.

Acquisitions involving more than one source will be allocated to each source based on the actual cost share of each participant and follow the appropriate accounting treatment described above for that portion of the acquisition.

Depreciation

Hawkeye Area Community Action Program, Inc. will maintain a database with equipment or property identity, projected useful life or funding sources requirements. A schedule of the depreciation for the complete time period shall be maintained. Depreciation expense for non-governmental acquisitions is allocated to operating budgets monthly using a general journal entry. Prior approval from the grantor will be obtained for all capital acquisitions that have a usable life remaining at the time of disposal/sale.

Property Tracking

Hawkeye Area Community Action Program, Inc. will maintain a property and equipment database with the following required information as applicable:

- Asset #
- Description of Item
- Serial Number
- Date Acquired
- Vendor/Supplier
- Purchase Price
- Location
- Asset Category
- Fund Number
- Quantity
- Asset Life
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- Date Disposed
- Sale Amount
- Trade Allowance
- Disposition
- Funding Source Notification Requirement
- Funding Source Notification Date

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Physical Inventory

A physical Inventory of all equipment over \$5,000 will be completed every two years or as required by funders. This process will be managed by Chief Financial Officer.

This revision replaces previous policy Administration 234.1