



Alsawaid Alkhadara Organization (AAO)

Fixed Asset Policy & Procedures

1. Purpose

The purpose of this manual is to set forth the regulations and procedures governing the control and reporting of capital and controlled assets. It is intended to assist personnel in implementing and maintaining an effective property control program. The implementation of an effective and accurate process for tracking fixed assets is necessary for several reasons:

- Our organization prepares financial information using the Generally Accepted Accounting Principles (GAAP). AAO donor and board of Director require us to track an asset's cost, depreciation, and the disposal of the asset. Assets that will be depreciated have been categorized and assigned a depreciation life. (For example, technology equipment has an expected book life of five (5) years).
- We also utilize asset records for insurance purposes. In the event of a loss it is necessary to have an accurate record of the asset to ensure adequate insurance coverage, of the item lost.
- The most important reason is accountability. Assets are purchased using donor' and AAO funds. It is important to have a process in place to account for the use of donor' and AAO funding.

2. Definitions

For the purpose of these policies and procedures the following definitions apply.

Assets

Refers to both "capital" and "controlled assets" when used without specifically indicating either. **Capital Assets**

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Refers to real or tangible personal property having:

- A value greater than or equal to the capitalization threshold for the particular classification of the capital asset.
- Having an estimated useful life of greater than one year from the time of acquisition.
- Controlled Assets Refers to those items with a historical cost of less than \$500, but which are particularly at risk or vulnerable to loss or theft.

Tagging and Identifying Inventoriable Assets

All furniture and equipment with a replacement value above \$500 must be tagged, including, but not limited to:

- Furniture
- Computers and Laptops
- Audio Visual Equipment
- Other equipment above \$500 such as kitchen, health and fitness, or office machines

Controlled Assets

Include assets that are sensitive, portable, or prone to theft.

Method for Marking

Items shall be marked or tagged with a property tag.

Additions to Fixed Assets

In order to maintain accurate asset records, when receiving a new asset into the organization, the first step is to determine if the asset should receive a property tag. Any item that the cost exceeds \$300 and has a life greater than one year should be tagged. Additional items to be barcoded regardless of their value include controlled items such as overhead projectors, printers, televisions, DVD

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players, video cameras, digital cameras, fax machine, PCs, monitors, laptop computers, tablets, two-way radios, and any item which may be easily stolen.

Once an asset has been labeled, it needs to be recorded. The Fixed Asset Maintenance Form is used to reporting all adjustments required in the Fixed Asset Master File. When receiving a new asset, the following columns must be filled.

- Code: Refer to the bottom of the form for codes. The code "A" is used for new assets.
- Barcode Number: Fill in the number shown on the bottom of the barcode label that was placed on the asset.
- PO Number and/or Cost: Fill in the cost of the asset and/or the number if the purchase order used to purchase asset. Note: We must have a cost and/or PO# to add an asset to the system. This enables a value for the asset to be established and my help to determine the source of funding by account number.
- Room Number: Room number where asset is primarily located.
- Asset Description: Brief description of the item.
- Make/Model: Use the manufacturer's name and model number
- Serial #: Use the manufacture's serial number.

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