

Western Illinois University Foundation, Inc.
Capital Asset Financial Reporting Policy

Effective Date: 12/10/2014

Responsible Departments: WIU Foundation Office

1. PURPOSE

To establish a policy for accounting for Capital Assets donated or purchased by the WIU Foundation.

2. APPLICABILITY

This Policy applies to all capital assets owned by the WIU Foundation, regardless of whether they were donated to the Foundation or purchases by the Foundation.

3. POLICY

The WIU Foundation will comply with Generally Accepted Accounting Principles.

Asset Retention

With the exception of land and other real assets, the WIU Foundation will generally transfer ownership of all donated or purchased capital assets to the Western Illinois University upon acquisition. The WIU Foundation Executive Officer has the right to approve retention of non-land and non-real assets valued at \$10,000 or less without WIU Foundation Board approval. The WIU Foundation board must approve retention of non-land and non-real assets in excess of \$10,000.

In cases where a donor has donated capital assets to the WIU Foundation for the sole purpose of resale or fundraising, the WIU Foundation board does not need to approve retention of the assets until the sale, regardless of the amount of the asset.

The WIU Foundation will generally retain ownership of all land donated to the Foundation that is income producing. In some cases, the WIU Foundation may elect to transfer non-income producing land to the University. The WIU Foundation Executive Officer has the right to approve retention or transfer of non-income producing land assets valued at \$25,000 or less without WIU Foundation Board approval. The WIU Foundation board must approve retention or transfer of non-income producing land in excess of \$25,000.

Buildings

The WIU Foundation will capitalize any buildings it receives and retains with a \$50,000 or higher fair market value at acquisition date. The Foundation may elect to transfer donated or purchased buildings to the Western Illinois University, such buildings will become University property and be accounted for in accordance with the University "Capital Asset Financial Reporting Policy."

Building Improvements

If the WIU Foundation pays for building improvements or receives donation for building improvements on property owned by Western Illinois University, the improvements will become University property and be accounted for in accordance with the University "Capital Asset Financial Reporting Policy."

If the WIU Foundation pays for building improvements or receives donation for building improvements on property owned by the Foundation, The WIU Foundation will capitalize building improvements of \$5,000 or more.

Capital Leases of Equipment

Any equipment that the WIU Foundation would purchase by capital lease would be transferred to the Western Illinois University, and the University will account for the capitalization policies of the Illinois Office of the Comptroller.

Equipment

The WIU Foundation will capitalize any equipment it receives and retains with a \$5,000 or higher fair market value at acquisition date. The Foundation will routinely elect to transfer donated or purchased equipment to the Western Illinois University, such equipment will become University property and be accounted for in accordance with the University "Capital Asset Financial Reporting Policy."

Demolition of Buildings

The capitalization of demolished buildings will depend on the circumstances surrounding the demolition. If the WIU Foundation acquires land and buildings with the intention of demolishing the buildings, the costs of demolition as well as the historical cost of the buildings will be added to the land. If the WIU Foundation acquires the land and buildings with the intent to use the building and the building is subsequently demolished, the asset will be removed from the WIU Foundation books and demolition costs will be expensed. If the WIU Foundation acquires land and buildings that are in disrepair and the intention of the demolition of the buildings is unknown, the costs of the demolition as well as the historical cost of the buildings will be added to the land if demolition is pursued.

Donated Asset Valuation

For items donated to the WIU Foundation that are transferred to WIU or resold, the WIU Foundation follows IRS Publication 561 when assigning a value to items it received via donation. Fair market value estimation is used to determine valuation of assets when an appraisal is not available or needed. Documentation of fair market value is required to record individual items donated that exceed \$300 in value; methods used to determine fair market value, including locating recent sales of like items, vendor invoices, or product pricing sheets for like items. Please see the WIU Foundation Gift-In-Kind Policy for more information relating to in-kind reporting.

Installment Purchase of Equipment

Any equipment that the WIU Foundation purchases via installment purchase would be transferred to the Western Illinois University, and the University will account for the purchase in accordance with their policies.

Land

The WIU Foundation will capitalize all land donated to the WIU Foundation with a value of \$25,000 or more. The Foundation owns some parcels of land that individually do not meet the capitalization threshold. All contiguous land will remain capitalized if the aggregate value of the adjoining land has a minimum value of \$25,000.

Land Improvements

The WIU Foundation will capitalize land improvements that have a minimum valuation of \$5,000.

Software

The WIU Foundation will follow University policy relating to the capitalization of software.

Useful Lives

The following are the useful lives the WIU Foundation will be utilizing – this is consistent with the practices of Western Illinois University

Land	no depreciation
Land improvements	no depreciation
Buildings	60 years
Building improvements	20 years
Computer equipment	3 years
Trucks > 1 ton	12 years
All other equipment no defined above	7 years

4. CLARIFICATION

Requests for clarification of this policy should be directed to the WIU Foundation Chief Accountant, located in the Foundation Office.

Certified as approved by the Executive Committee of the Western Illinois University Foundation Board of Directors on:

Date 12/10/2014

Marlin France
Marlin France, Secretary

References: Illinois Unclaimed Property Law

Review schedule: Every Three Years

Revision history: 12/2008 original policy; Revised 12/2014