

# BLUE RIDGE COMMUNITY AND TECHNICAL COLLEGE ADMINISTRATIVE PROCEDURE

**SERIES:** 5 | Finance  
**RULE:** AP504 | Records of Donated Equipment and Capital Assets

**Scope:** Recording and Processing Donations of Equipment and Capital Assets  
**Approval Date:** July 17, 2020  
**Effective Date:** July 17, 2020

## SECTION 1. Purpose

- 1.1. The purpose of this procedure is to ensure Blue Ridge Community and Technical College complies with all its contractual, legal, and financial obligations with regard to recording and disposing/retiring donations of equipment.

## SECTION 2. Definition

- 2.1. Capital Equipment is equipment that individually at the time of donation has a minimum estimated fair market value of \$5,000 or more and has a useful life of more than one year.
- 2.2. Donation is a gift of equipment or tangible property to Blue Ridge Community and Technical College without an expectation by the Donor of anything in return.
- 2.3. Fabrication, often referred to as Special Test Equipment (STE) or Special Tooling (ST) by federal sponsoring agencies, are complex, not commercially available items, configured and built by Blue Ridge Community and Technical College personnel.
- 2.4. Fabrication Allowable Cost are those costs charged to a capital fabrication. Allowable costs include, fabrication components, reasonable start-up supplies and parts to be incorporated in development of the fabrication, freight and handling, third party installation charges, and technical services for parts provided to Blue Ridge Community and Technical College.
- 2.5. Gift-in-kind is a non-cash gift of physical property or service. Examples of gifts-in-kind include, but are not limited to books, supplies, equipment, furniture, and vehicles.
- 2.6. Non-Capital Asset Donations is a gift of equipment that are valued less than \$5,000.
- 2.7. Title of Equipment is ownership of the controlled donation.

## SECTION 3. Scope

- 3.1. The administrative procedure applies to all Blue Ridge Community and Technical College employees who are involved with the receipt of gifts of equipment and related material.

## SECTION 4. Procedure

- 4.1. Capital equipment donations must be recorded as Fixed Assets in Banner.
  - 4.1.1. Timeliness in notification is critical to ensure that all applicable regulations are adhered to and correctly documented.
  - 4.1.2. The Gift-in-Kind Acceptance Form must be fully completed by the donor and the appropriate Blue Ridge Community and Technical College representative.
- 4.2. Donations totaling \$5,000 or more requires the donor to obtain a qualified appraisal of the donated

property. IRS standards require the donor to complete IRS Form 8283 for tax deduction. Blue Ridge Community and Technical College must acknowledge receipt by signing the IRS Form 8283.

- 4.3. Non-capital donations are not recorded in Banner; however, departments must notify the Finance Office as soon as possible for proper financial reconciliation by the Comptroller.
- 4.4. Equipment fabrication have specific requirements for acquisition, accounting, tracking, capitalization, and reporting processes.
  - 4.4.1. Department personnel should provide a detailed schematic drawing of the fabricated equipment.
  - 4.4.2. The total cost for acquired materials, supplies, and components must be \$5,000 or greater to be considered as a capital asset.
  - 4.4.3. The completed fabrication must have an estimated useful life of one year or more.
  - 4.4.4. When completed, the fabricated item will not be affixed permanently to a building or structure.
  - 4.4.5. Fabrication becomes a tangible asset capable of specific identification and continuous control through tagging and annual physical inventory.
  - 4.4.6. Components of the fabricated item are not intended to be removed and replaced throughout the useful life of the fabrication.
  - 4.4.7. When design changes occur, the schematic drawing should be subsequently updated.
  - 4.4.8. The following costs may not be charged to a fabrication capital asset:
    - Documentation
    - Repair or maintenance to retain functionality
    - Warranty
    - Administrative support equipment
    - General purpose equipment, tools, or other material that is not integrated into the fabrication
    - Enhancements to equipment that is not integrated into the fabrication
    - Any other costs not directly allocable to the fabrication, including building infrastructure upgrades.
- 4.5. Disposal of donated equipment must be cleared through the Finance office before disposal of donated equipment occurs.
  - 4.5.1. Certain IRS filing requirements exist when disposing of donated equipment that has a claimed tax deduction. Any resale, cannibalization, or transfer of a donated equipment, within three years of the date of receipt, must file certain IRS forms.
  - 4.5.2. All proceeds from the sale of unrestricted donated equipment are credited in accordance with the terms stated by the donor. If no terms are specified, then all proceeds are credited to the fund that originally recorded the gift.
  - 4.5.3. Any donation of capital assets that is given with the understanding that Blue Ridge Community and Technical College intends to resell it upon receipt, will not be entered into Banner. However, any sale proceeds should be recorded as a gift of cash. If sale action is not initiated within 60 days of receipt, the donated capital asset must be recorded as Fixed

Asset in Banner.

**SECTION 5. Ownership**

- 5.1. Blue Ridge Community and Technical College has title (ownership) and will receive title to all equipment received as gifts or donations to the College. This includes all equipment located in any Blue Ridge Community and Technical College approved location, any controlled item that is offsite or on loan.
- 5.2. Regardless of which departmental unit received the donation, the principle of Blue Ridge Community and Technical College ownership prevails.

**SECTION 6. Process**

- 6.1. Process development rests with the Comptroller and Senior Staff Accountant for donation activities of the Finance Office.

**SECTION 7. Responsibility**

- 7.1. All employees are charged with providing full support to this administrative procedure. It is the responsibility of the Vice President to implement and maintain this administrative procedure within their area of responsibility.
- 7.2. The Finance Office and individual department staff all must work together to accurately and completely document and report equipment gifts received by Blue Ridge Community and Technical College.

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\_\_\_\_\_  
President

July 17, 2020

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Date