



OCEAN SHORES FOOD BANK CAPITALIZATION POLICY

Vision

Everyone has access to sufficient, nutritious food

Mission

The mission of the Ocean Shores Food Bank is “*so that no one in the community goes hungry*” by making available supplemental and emergency food to all who are in need.

1. Purpose

This accounting policy (Capital Depreciation) establishes the method of maintaining fixed (capital) asset information and the minimum cost (capitalization amount) that shall be used to determine the fixed assets that are to be recorded in the Ocean Shores Food Bank’s (OSFB) annual financial statements.

2. Fixed & Tangible Asset definition

A Fixed Asset is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; **and** (2) was acquired for a cost exceeding \$1,000.00. Fixed Assets must be capitalized and depreciated on the balance sheet for financial reporting purposes. Tangible assets are those do not meet the Fixed Asset definition.

3. Capitalization thresholds

Ocean Shores Food Bank establishes \$1,000.00 as the threshold amount for minimum capitalization on the OSFB balance sheet. Any items costing less than this amount should be expensed in OSFB current profit and loss financial statements.

4. Capital depreciation schedule

A Capital Depreciation Schedule will be created. The Schedule will be reviewed annually by the Board Treasurer and Executive Director at the close of fiscal year, to ensure the document is accurate and up to date. The following information will be maintained for each item on the Schedule:

- Asset Control Number (assigned)
- Description
- Classification
- Purchase Date
- Initial Cost
- Salvage Value, *if any*
- Useful Life

5. Capitalization method and procedure

Fixed assets shall be recorded at cost on the date acquired. Cost shall include all applicable related costs (i.e. shipping & delivery cost, installation cost, other costs associated to the asset). Tangible assets cost including all applicable related costs are recorded as an expense in the current profit and loss financial statement.



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6. Useful Life

The useful life of a capital item is that period during which the item provides benefits. Estimates of useful life consider factors such as physical wear and tear and technological changes that bear on the economic usefulness of the asset. The following chart summarizes the useful life for each type of asset classification

<u>ITEM CLASSIFICATION</u>	<u>USEFUL LIFE (years)</u>
Land	Not a depreciable asset
Land improvements	15
Construction in progress	Not a depreciable asset
Buildings	30
Warehouse & improvements	7
Equipment (includes machinery, freezers, etc)	5
Vehicles	5
Furniture & fixtures	5
IT equipment	5
Computer software	3

7. Depreciation Method

OSFB has established the straight-line methodology for depreciating all fixed assets. Depreciation will begin in the month the asset is placed in service. Under the straight-line depreciation method, the basis of the asset is written off evenly over the useful life of the asset. The amount of annual depreciation (shown on the Profit and Loss and Balance Sheet) is determined by dividing an asset's cost reduced by the salvage value, if any, by its estimated life. At the end of the asset's estimated life, the salvage value will remain on the Balance Sheet until the asset is removed.

This OSFB Capitalization Policy was adopted by the Board at the 03-October-2018 meeting
Approved by: Barbara Patton; Bill Young ; Bob Harley; Denise Siers; Harry Yanagimachi; John Dirgo;
Marion Boenheim; Sandra Harley; Walter Ebel



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Report Date:		Appliance Database and Asset Depreciation Schedule														
Schedule Number is Unique / Unit # is OSFB location number /		Notify Finance if New yellow items added OR old yellow item retired/scraped														
Items in yellow are over \$1k purchase price with estimated life of over 1 year		Depreciation: Yes or No or Scraped(date) - - - (If Yes - Use straight line 5 years based on purchase price+Tax only - monthly equals 1/60)														
Schedule #	Unit #	Type	Model #	Serial #	Cubic Feet	Delivery Date	Purchase Price	Deprec Y/N/S	Monthly Depr \$	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total Depreciated
51		Vortex 2 door freezer	V-2F	6470171417190500	72	1/4/2018	\$ 2,610.11	S-7/18	\$43.50	\$2,610.11	\$438.00	\$438.00	\$438.00	\$438.00	\$438.00	\$2,610.11
52	1	Vortex 2 door freezer	V-2F	6470171417090507	72	4/9/2018	\$ 2,199.00	Y	\$36.50	\$328.50	\$438.00	\$438.00	\$438.00	\$438.00	\$438.00	\$2,199.00
53	2	Vortex 2 door freezer	V-2F	6706171418030403	72	4/9/2018	\$ 2,199.00	Y	\$36.50	\$328.50	\$438.00	\$438.00	\$438.00	\$438.00	\$438.00	\$2,199.00
54	3	Vortex 2 door freezer	V-2F	6470171417090504	72	4/26/2018	\$ 2,199.00	Y	\$36.50	\$328.50	\$438.00	\$438.00	\$438.00	\$438.00	\$438.00	\$2,199.00
55	4	Arctic Air 2 door freezer	AF49	H7178715	72	7/24/2018	\$ 2,638.40	Y	\$43.97	\$263.82	\$527.64	\$527.64	\$527.64	\$527.64	\$527.64	\$2,638.40
56	5	Arctic Air 2 door freezer	AF49	H7179392	72	7/24/2018	\$ 2,638.40	Y	\$43.97	\$263.82	\$527.64	\$527.64	\$527.64	\$527.64	\$527.64	\$2,638.40
57	6	Kenmore Chest freezer	Elite	WB03959123	20.4	NA	NA	N								
58	7	Amana Chest freezer	?	?	23	NA	NA	N								
59	8	Atosa 2 door refrigerator	MBF8005	AUS100318032900C40004	49	9/28/2017	NA	N								
510	9	Atosa 2 door refrigerator	MBF8005	AUS100317121400C40043	49	3/29/2018	\$ 2,066.11	Y	\$34.44	\$344.40	\$413.28	\$413.28	\$413.28	\$413.28	\$413.28	\$2,066.11
511	10	Whirlpool Chest freezer	W2C311SDW00	U73406511	11.9	9/20/2017	NA	N								
512	11	Frigidaire Upright single door freezer	FFU21F5HWB	WB91322409	16.7	NA	NA	N								
513	12	Frigidaire Upright single door freezer	FFU21F5HWE	WB92448557	17.8	NA	NA	N								
514	13	Frigidaire Upright single door freezer	FFFH20F2QWF	WB85066695	20.23	1/4/2019	\$ 671.00	N								
515	14	Frigidaire Upright single door refrigerator	FRU17B21W20	WA00800977	14.6	NA	NA	N								
516	15	Frigidaire Upright single door refrigerator	FRU17B21W20	WA00800969	12.4	NA	NA	N								
517																