

Office/Contact: Accounting Office

Source: South Dakota Bureau of Finance and Management Accounting Systems Procedure Manual;
Governmental Accounting Standards Board (GASB) Statement No. 34

Link: http://bfm.sd.gov/Caps/Manuals/Procedures_AS_Overview.pdf;

http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176160029121&acceptedDisclaimer=true

SOUTH DAKOTA STATE UNIVERSITY
Policy and Procedure Manual

SUBJECT: Reporting Works of Art and Historical Treasures

NUMBER: 5:18

1. Purpose

This policy implements the applicable provisions of the South Dakota Bureau of Finance and Management (“BFM”) Accounting Systems Procedure Manual and sets forth the guidelines regarding reporting works of art and historical treasures at the University.

2. Policy

- a. University employees are responsible for following the applicable guidelines and procedures set forth in the BFM Accounting Systems Procedures Manual and other applicable laws and policies when reporting works of art and historical treasures.
- b. For purposes of this policy, examples of capitalized works of art and historical treasures include, but are not limited to:
 - i. Collections of rare books and manuscripts;
 - ii. Maps, documents and recordings;
 - iii. Works of art such as paintings, sculptures, and designs;
 - iv. Artifacts, memorabilia, and exhibits; and
 - v. Unique or significant structures.
- c. Works of art, historical treasures, and similar assets must be capitalized and reported at their historical cost or fair value at date of donation, to be estimated if necessary, if they are held as individual items, but not if they are in a collection. (See section 2.e. below for policy for collections that were previously capitalized on or before June 30, 1999.)
- d. Collections, including all additions to that collection, are not to be capitalized and reported, whether donated or purchased, if the collection meets all of the following conditions: (See section 2.e. below for policy for collections that were previously capitalized on or before June 30, 1999.)
 - i. The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain;

- ii. The collection is protected, kept unencumbered, cared for, and preserved; and
- iii. The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

- 1. This does not have to be a formal policy; however, there should be some evidence to support the existence of the policy.

- e. GASB Statement No. 34 requires that collections already capitalized at June 30, 1999 should remain capitalized, and all additions to those collections should be capitalized, even if they meet the conditions for exemption from capitalization.
- f. For non-capitalized collections, a disclosure in the notes to the financial statements must be made for the description of the collection and the reasons these assets are not capitalized.
- g. Revenue must be recognized for donations of works of art, historical treasures, and similar assets. When donated collection items are added to non-capitalized collections, a program expense must also be recognized equal to the amount of revenues recognized.
- h. Capitalized collections or individual items that are exhaustible, such as exhibits whose useful lives are diminished by display or educational or research applications, should be depreciated over their estimated useful lives, using the straight-line method for depreciation. Depreciation is not required for collections or individual items that are inexhaustible.

3. Responsible Administrator

The Vice President for Finance and Business, or designee, is responsible for the annual and ad hoc review of this policy. The University President is responsible for approval of this policy.

SOURCE: Approved by President on 04/28/2015.