

TRINITY INTERNATIONAL UNIVERSITY

TIU POLICY: Works of Art, Historical Treasures and Collectible Items Policy

TIU POLICY #: P-202

STATUS: Approved, June 2015

I. PURPOSE:

The purpose of this policy is to specify the criteria for recognizing collections.

“Collections” are defined as works of art, historical treasures, or similar assets that meet all of the following criteria:

1. They are held for public exhibition, education, or research in furtherance of public service rather than financial gain.
2. They are protected, kept unencumbered, cared for, and preserved.
3. They are subject to an organizational policy that requires the proceeds of items that are sold to be used to acquire other items for collections.

Consistent with FASB ASC 958-360-25-3, Trinity International University (University) has adopted a policy of capitalizing all collections on a perspective basis for items acquired on or after July 1, 2014.

II. SCOPE:

This policy applies to contributed collections (items gifted to the University) or to a collection acquired by the University in an exchange transaction.

III. POLICY:

A. Recognition and Capitalization

1. In order to be capitalized, the collection must have a minimum dollar value of \$25,000.
2. A collection whose value cannot be determined will not be capitalized.
3. Contributed collections are to be:
 - a. Recognized as increases in assets and contribution income, either unrestricted, temporarily restricted or permanently restricted based on the expressed intent of the donor;
 - b. Measured at fair value.

4. Collections acquired in an exchange transaction are to be:
 - a. Recognized as increases in assets;
 - b. Measured at cost.

B. Depreciation

1. Per the requirements of FASB ACS 958-360-35-5, but subject to B(3) below, depreciation will be recognized on collection items.
2. Collection items will be depreciated over a period of time not to exceed 40 years.
3. Per the FASB cited in B(1) above, depreciation need not be recognized on an individual work of art or historical treasure whose economic benefit or service potential is used up so slowly that its estimated useful life is extraordinarily long. A work of art or historical treasure shall be deemed to have that characteristic only if verifiable evidence exists demonstrating both of the following characteristics:
 - a. The asset individually has cultural, aesthetic, or historical value that is worth preserving perpetually; and
 - b. The holder (i.e. the University) has the technological and financial ability to protect and preserve essentially undiminished the service potential of the asset and is doing that.
4. The University will only apply the non-recognition of depreciation provision in B(3) above after consulting and receiving agreement from the University's auditors.

C. Disposition

Proceeds from the disposition of any previously capitalized collection must be used to procure or acquire other items for collections. Replication of the disposed collection is not required in the FASB codification.