

University of Missouri System

Accounting Policies and Procedures



Policy Number: APM-20.05.05

Policy Name: Capital Assets - Artwork

General Policy and Procedure Overview:

Each campus with a University-owned collection of art or of scientific or historical objects is required to maintain a detailed perpetual inventory with items valued at cost or market value at date of acquisition. The University has capitalized works of art and continues to add to these collections. As these collections generally consist of historical artifacts and artworks they are considered inexhaustible and have not been subject to depreciation.

Definition of Key Terms:

Artwork: These consist of tangible objects held primarily for their cultural and social value, rather than their functional, operational, or economic value. They include items held because of their aesthetic nature as artistic impressions (works of art) or their association with historical events, accomplishments, persons, cultures, or eras (historical treasures). works or art or historical treasures and similar assets.

Inexhaustible: Inexhaustible property includes assets consumed very slowly, over an extraordinarily long life. They may include assets that are essentially permanent in nature, assets that do not become obsolete, or assets cared for using methods intended to preserve them in perpetuity. Inexhaustible assets are not depreciated. Examples of inexhaustible assets include: land; certain land improvements (excavation, grading, fill); works of art and historical treasures cared for using museum preservation standards.

Detail Policy and Procedure:

All works of art, historical treasures and other similar assets should be capitalized at their historical cost or fair value at the date of acquisition or donation. Capitalized collections of individual items that are exhaustible should be depreciated over their estimated useful lives. Depreciation is not required for collections or individual items that are inexhaustible.

The University of Missouri capitalizes individual pieces or collections of art with a value of \$5,000 or more and that comply with the GASB 34 criteria as follows:

- Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- Protected, kept unencumbered, cared for, and preserved.
- Subject to an organizational policy that required the proceeds from sales of collection items to be used to acquire other items for collections.

Monuments that meet these criteria qualify as works of art or historical treasures. They are reported as capital assets, are inexhaustible, and are not depreciated.

Throughout the year as Artwork gifts/purchases are received the following entries are made:

| Transaction Description | Account | dr | Cr |
|--|--|-----------|-----------|
| The offset for the voucher | 799600 Artwork Acquisition Capital | X | |
| Payment for the Artwork Receipt of Gift | 190000 Cash or 48XXXXX Non-Cash Revenue | | X |

Monthly a report is run by Campus Accounting Offices on all purchases made in Artwork account number 7XXXXX (Artwork Acquisition – Capital).

The Procurement Office enters the capital purchases into Asset Management. The Acquisition date and Transaction date of the date of purchase or gift received should be used.

| Transaction Description | Account | dr | Cr |
|--------------------------------|-----------------------|-----------|-----------|
| Asset management sets up asset | xxxxxx Artwork Asset | X | |
| Creating a Contra Asset | 503000 Contra Expense | | X |

Recording of Artwork Purchases in Asset Management

- The following information is added to Asset Management regarding the Artwork Purchase:
 - Description
 - Location
 - Tag Number
 - PeopleSoft ChartFields related to the purchase
 - DeptID of the responsible Department and the name of the responsible employee (entered into the Custodian Panel)
 - Profile Description
 - Cost or Fair Value

Recording of Artwork Gifts in Asset Management

- The Campus Development Office forwards the Advice of Gift to the Campus Accounting Office.
- The Campus Accounting Office contacts the Campus Property and Procurement, who enters the asset directly into Asset Management.
- The following information is added to Asset Management regarding the Artwork Gift.
 - Description
 - Location
 - Tag Number
 - PeopleSoft ChartFields related to the gift
 - DeptID of the responsible Department and the name of the responsible employee (entered into the Custodian Panel)
 - Profile Description
 - Cost or Fair Value

Sale and Disposal

Collections of historical artifacts and artworks are not disposed of for financial gain. Proceeds from the sale, exchange, or other disposal of any item belonging to a collection of historical treasures must be applied to the acquisition of additional items for the same collection.

Inventory / Asset Verification Process

[See policy BPM 407 Physical Inventory.](#)

Responsibilities

Property and Procurement Department

- Perform monthly review to ensure assets are capitalized or not-capitalized as per policy.

Campus Accounting Offices

- Reconcile asset management to general ledger.
- Make accounting entries for the purchase and gifting of artwork.
- Ensure artwork is properly valued and appraised.
- Facilitate and manage the semi-annual inventory

Development Offices

- Provide notification of gifts to the campus Accounting Office

Effective Date: July 1, 2006

Revised Date: May 1, 2007

Questions and Comments?

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.