

FAQ - Recharge Center Policy and Procedures

Can Gift or Unrestricted Voluntary Support Funds be used to fund the initial purchase of equipment used in recharge center operations? If so, how will these transactions be recorded?

As long as the gift account does not restrict the use of the funds, gift accounts and unrestricted voluntary support accounts can be used to fund equipment for use in a recharge center. As with general fund sources, a transfer G/L account will be used to “transfer” funds from the gift account and into the recharge center account. The equipment will then be purchased from the recharge center account.

How are funds accumulated in the depreciation recovery account to be expended?

The depreciation recovery account is to be treated as a “holding account” for the accumulation of depreciation on equipment purchased and recovered through recharge operations. This accumulation is not to be expended from the depreciation recovery account itself, but is to be transferred to the final account that will expend the funds for the purpose designated by the department head.

Can I depreciate the University portion of equipment that has been cost shared on a grant or contract?

No. Single account cost sharing is the appropriate mechanism to record any equipment costs that the University is providing in support of a grant or contract. When we agree to share in project costs, we forego our right to recover depreciation on that equipment.

Can I recover depreciation expense related to equipment that was donated to the University?

Yes. Per Uniform Guidance, institutions can recover the costs of donated equipment where cost is defined as “fair market value”. For our administration of this type of recovery, the process will be as follows:

- Donated equipment is identified on the Gift In Kind Report
- Capitalized amounts are associated with an acquisition account, therefore the recharge center account needs to be included on the Gift In Kind Report
- Depreciation will be calculated based upon the fair market value indicated on the Gift In Kind Report, in conjunction with the appropriate useful life of the asset
- Equipment donated by the federal government **cannot** be recovered

Salary and Wage Subsidies Revisited:

As far as subsidies related to salaries and wages are considered, the recharge center procedure document addresses the concept of “fully costing” the activity. Best practice is to record all costs in the recharge center and subsidize from the funding source using G/L accounts 433080 and 523110.

However, there are some instances where a department wants to record part of the cost of the activity in a departmental account. Within the rate request documentation, the Costing Office would like to see the full costs of the activity. If, for business reasons, there is a need to record part of the activity’s cost in

a different account that information should be identified in the documentation. This will assist the Costing Office in segregating these expenses for the development of the cost study.

How do we deal with situations where a good or service has been provided, and the business office wasn't aware of the situation until a check has been given to them to deposit?

In these situations, it is appropriate to treat the income as a reduction in expense as we have generally done in the past, with communication to the individual regarding appropriate policy and procedures related to charging for goods or services.