
ACQUISITION OF FIXED ASSETS

Date Issued: 1 October 1995

Revised: 1 March 2012

POLICY AND PROCEDURE

PURPOSE:

The purpose of this policy and procedure section is to provide rationale and guidelines for Museum staff who acquire fixed assets on a donation basis, or for a nominal sum, on behalf of the Museum.

AUTHORITY:

Authority for the acquisition and disposal of fixed assets rests with the Director of Administration.

1. Valuation and fixed assets inventory: The minimum value of fixed assets for inclusion in the fixed assets inventory has varied over the years depending on directives from the Provincial Auditor's department. As of May 1995, the value below which items need not be included on the fixed assets list is \$1,000.
2. Purchases: The majority of fixed assets normally are purchased by the Museum from commercial sources at the prevailing or negotiated price. The proper procedure is to employ a WDM purchase order and vendor invoice exchange, which fulfils relevant Museum documentation requirements.
3. Donations: Fixed assets may be donated to the Museum. If a group or individual wishes to purchase an item and then donate it, it is preferable that the money be donated to the Museum, and that the Museum then make the purchase. The donation can be restricted by the donor to ensure that the money is spent on the intended item. The Museum should refrain from agreeing to other arrangements, conditions and restrictions which might impinge upon the Museum's right to free and clear ownership.
4. Documentation: All donations, or purchases for a nominal sum (which are not conducted with a purchase order/invoice exchange), must be confirmed in writing. Details should include source (donor or vendor), value (for the fixed assets inventory list), sale price (if not donated), date, signatures, and other relevant information.
An appropriate sample form is included on a separate page at the end of this policy document.
5. Valuation: If an item is donated, or sold to the Museum for a nominal sum, it nevertheless may have a fair market value in excess of the \$500 level, the point at which it must be included on the fixed assets inventory list. Assessment may be done by any Museum personnel considered knowledgeable enough about the item

and its fair market value. A copy of the transaction agreement form, including the assessed value and name of the assessor, should be forwarded to the Director of Administration, so that the item can be included on the inventory list.

Fixed assets inventories are required by the Provincial Auditor. Failure to comply can result in having the transgression brought to the attention of the Legislative Assembly. Fair market value definition: For the purposes of this policy, "fair market value" is defined as "the average price which could be expected by selling an object in an open, public and competitive environment devoid of maverick interests or restricted information."

Subjective valuations, per se, are immaterial. In other words, the special value an object may have in the eyes of its owner, or in the view of a particular Museum staff member, or to the Museum as a whole, is irrelevant for the purpose of establishing a fair market value for either the fixed assets inventory or a charitable donation receipt.

6. Tax receipts: If a donor wishes to receive a charitable donation tax receipt from the Museum, fair market value must be established, even if it is below the level required for the fixed assets inventory list. Museum staff may, but customarily do not, provide appraisals. (Internal appraisals for tax receipt purposes, under certain conditions, could lead to conflict of interest situations. They should be conducted only with the approval of the Director of Administration.)

Unless otherwise agreed, therefore, the onus is on the donor to provide the appraisal. It must be from a reputable source; one which is a recognized authority for the purposes of generating such an appraisal, and it must be in writing. If the item is valued in excess of \$1,000, the Museum normally requires three appraisals from separate sources.

There are circumstances wherein a formal appraisal may not be necessary. If, for example, an object is new, and it or similar objects are currently for sale on the open market, then its listed price may be used as the value for receipt purposes. The source for this information must be noted for Administration.

All appraisal values for the purpose of issuing charitable donation tax receipts must be approved by the Director of Administration. All charitable donation receipts are issued from the Museum head office.

Please note:

The appraisal process is very important. Failure to conduct appraisals in an appropriate manner could result in loss of the Museum's charitable organization status.

7. Donor recognition: Recognition and thank you standards for various levels of donations and assistance provided to the Museum are being developed in a separate recognition policy. Please refer to it, when it is completed.

In the meantime, follow these guidelines:

- A letter of acknowledgement should be issued. This may come from the Manager or Coordinator responsible for the department which received the benefit, or a letter may be drafted for the Executive Director's or Board Chairman's signature.

- Advise the editors of **Sparks Off the Anvil**, so significant contributions can be recognized there as well.

All foregoing transactions must be conducted with the approval of a Manager, Coordinator, or designate.

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AGREEMENT FOR DONATIONS and NOMINAL-SUM PURCHASES OF FIXED ASSETS

Surname	First Name	Initial	Street Address
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City	Province	Postal Code
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1. I, the undersigned donor/vendor, hereby unconditionally _____ (donate/sell for the nominal sum of \$ _____), to the Western Development Museum the object(s) described below.

2. I, the undersigned, _____ (do/do not) wish to receive a charitable donation receipt for the fair market value of the object(s) described below. If I require a charitable donation receipt, I agree to establishment of fair market value through the process required by Museum policy.

DECLARATION

3. I, the undersigned, declare that I am the true owner, or the authorized agent of the true owner, of the object(s) described below. I understand that having made this donation/sale to the Western Development Museum, the Museum becomes the true owner of the object(s) donated/sold, with an unrestricted right to deal with the object(s) in such a manner as the Museum may deem to be in its best interest.

DESCRIPTION OF OBJECTS: _____

Signature of Donor/Vendor

Western Development Museum

Date

NOTE: Charitable donation receipts are issued only by the Museum head office.

FOR MUSEUM USE ONLY: If a charitable donation receipt for fair market value(s) is not required, then the Museum has determined that the value(s), for the fixed assets inventory list, is/are:

Determined/obtained by (Museum staff member): _____