



Equipment Notice

Definition of Equipment

Equipment means an article of nonexpendable, tangible personal property having an acquisition cost which equals or exceeds the lesser of the capitalization level established by the institution for financial statement purposes, or \$5,000, regardless of useful life. An organization is permitted to charge the program equipment cost as a direct cost or as depreciation. Outright purchases of capital equipment are NOT permitted in the SFSP, (FNS Instruction 796- Rev. 4 X A4a & E2bc, and OMB §200.439); cost directly expensed would be via rental or lease expenses.

Charging Depreciation

All depreciation charges must be supported by adequate property records and physical inventories that are taken at least once every two years to ensure the items exist, are in good working order, and are used for the program purposes. All records must be retained during the asset's useful life and for 3 years after the Federal fiscal year during which the item was fully depreciated or disposed of, whichever occurs first. Records must be kept beyond this period if audit findings have not been resolved.

Please note that use allowance is no longer allowable as an extended depreciation method. Pursuant to 2 CFR 200 (Super Circular) 200.436 (d) (4), costs may not be depreciated beyond its useful life.

Implementation of the Super Circular was addressed in DECAL Policy Memorandum, *Questions and Answers on the Transition to and Implementation of 2 CFR Part 200* – November 24, 2015. The link follows for your reference.

<http://www.dec.al.ga.gov/documents/attachments/QuestandAnsTransitionImplemCFR.pdf>

Proper Use of the Equipment

Equipment shall be used by the institution in the program for which it was acquired as long as needed, whether or not the program continues to be supported by Federal funds. When no longer needed for the program, the equipment may be used in other activities currently or previously supported by a Federal agency. The institution cannot use equipment acquired with reimbursement funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specially permitted or contemplated by Federal statute. When acquiring replacement equipment, the institution may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to the approval of the awarding agency. (Refer to 7 CFR 3016.32)

Proper Close-Out Procedures for Equipment

When a participating institution no longer participates in the CACFP, DECAL is required to officially close out the organization's Program upon completion of all applicable administrative actions and all required Program procedures. (Policy CACFP/17-40 Federal Program Closeout for CACFP). As part of these closeout procedures, the institution must complete a full inventory of all food and non-food items which includes equipment. Please see the required steps below:

1. Complete a full inventory of all equipment costing more than \$5,000 as a direct cost to the CACFP. Inventory records must include a description of the equipment including serial numbers, information to calculate the federal share of the equipment, and purchase date and cost.
2. Complete a full inventory of all unused supplies exceeding \$5,000.00 in total aggregate fair market value.
3. Institution must determine if it will keep, dispose, or transfer the equipment.
4. If the institution is transferring goods and/or equipment to another participating CACFP childcare facility/institution when the center is ceasing to operate as a child and/or adult care facility, submit to DECAL a proposed list of food and non-food items transferred to other CACFP facilities. The list must include:
 - a. The name of the CACFP facility to where the items are being transferred
 - b. Full address of the facility
 - c. Item(s) transferred; including equipment costing more than \$5,000 as a direct cost to CACFP
 - d. Purchase amount of each item transferred (direct cost to the CACFP)
 - e. Verification of receipt by the facility receiving the items
5. The Transfer Record form must be mailed to DECAL at the following address:

Bright from the Start: Georgia Department of Early Care and Learning (DECAL)
Attention: Shonda Franklin (CACFP Closeout)
2 Martin Luther King Jr. Drive, SE, Suite 754, East Tower, Atlanta, GA 30334

For additional questions concerning this Notice, please contact DECAL's Budget Compliance Supervisor at 404-651-7181.