What to Know About Equipment/Fabrication

UC**DAVIS**
UNIVERSITY OF CALIFORNIA

CAPITAL EQUIPMENT (SUB4)

vs.

NON-CAPITAL EQUIPMENT OR SUPPLIES (SUB3)

What is considered equipment?

Equipment is also known as capital equipment, inventorial equipment or capital assets. Equipment must meet **all** of the criteria below:

1. Tangible;
2. Non consumable;
3. Free-standing – not a permanent/semi-permanent part of a structure
4. Moveable;
5. Useful life is one year or longer;
6. Is a stand-alone asset – cannot be a component regardless of $$$;
7. Per unit cost is $5,000 or greater. Things that count toward that $5K are
   a. Tax
   b. Dedicated hardware components
   c. Dedicated non-renewing software
   d. Fees (import, recycle, etc.)
   e. Freight / shipping
   f. Labor / installation

What is not considered equipment?

The item is not equipment if it is **any** of the below:

1. Intangible;
2. Consumable;
3. Has a Useful Life of less than one year;
4. Has a per unit cost of under $5,000, even with *a-f* above;
5. Is a replacement part, regardless of cost (with very, very few exceptions);
6. Is a non-dedicated component regardless of cost;
7. Is a component rather than a stand-alone asset. Depending on the circumstances, components may be considered add-ons. See "What is an "add-on?"

What is a Fabrication?

Fabrication = a tangible, non-consumable item that has been physically constructed by a University activity that has a total acquisition cost of $5,000 or more with a normal life expectancy of more than one year that is expected to be used by the University upon completion and is not a product resulting from simple assembly or connecting of various parts and is not a deliverable
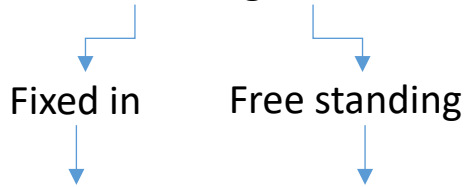
We're constructing it and it costs $5,000 or more. Do I have a fab?
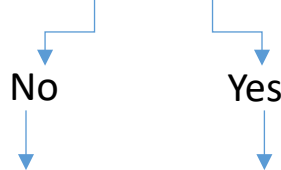
Is it a component part going into something else?

Yes → Not a fab. This is a Sub3 expense
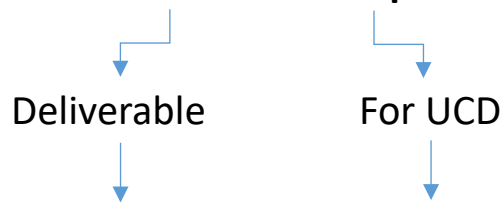
No →
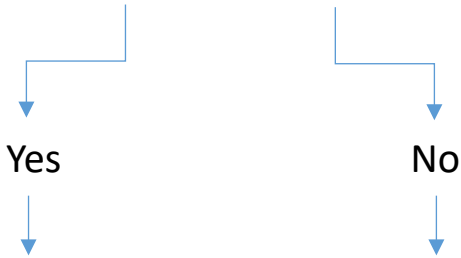
Is it freestanding or fixed into a structure?

Fixed in → Not a fab. This is a Sub3 expense

Free standing →

Once completed, is the useful life longer than one year?

No → Not a fab. This is a Sub3 expense

Yes →

Is it for UCD's use or is it a deliverable to a sponsor?

Deliverable → Not a fab. This is a Sub3 expense

For UCD →

Will these answers withstand the scrutiny of an audit?

No → Not a Fab. This is a Sub3 expense

Yes → You have a Fab

What is an "add-on?"

Add-on = a component whose acquisition value is permanently added to the acquisition value of the underlying equipment to which it is being added aka "capitalized," = Object Code 9000, Sub4

Do I have one?

Is it a replacement part?

Yes

No

Not an add-on. This is a Sub3 expense

Is it dedicated permanently to one asset?

No

Yes

Not an add-on. This is a Sub3 expense

Does the asset have an active UCOP number in KFS?

No

Yes

Not an add-on. This is a Sub3 expense

Will these answers withstand the scrutiny of an audit?

No

Yes

Not an add-on. This is a Sub3 expense

You have an add-on