

SEIU 1021
UNION PROPERTY MANAGEMENT POLICY
(Adopted by the Executive Board, 2/26/2022)

PURPOSE

The purpose of this policy is to set forth the justification and procedures to responsibly manage union property. It is intended to assist personnel in the safeguarding of assets and in implementing and maintaining an effective property management program in compliance with applicable 1021 policy, laws, and regulations. Subject to the authority of the executive board, the Head of Operations and Labor Relations and/or their designee(s) will be responsible for the union property management program that will support, manage, and apply this policy.

The union property covered by this policy are the following:

1. SUPPLIES
2. SEIU 1021 BRANDED ITEMS
3. NON-CAPITAL ASSETS
4. FIXED ASSETS

1. SUPPLIES

Supplies are tangible items purchased for use in the day-to-day administration of the union or to deliver services to members such as office products, janitorial supplies, yard maintenance items, non-branded personal protective equipment, other miscellaneous tangible items. These items are reasonably expected to be consumed in 12 months or less, and are expensed when purchased.

Recordkeeping Requirement: Supplies (as described) of any value will not be inventoried or tracked.

2. SEIU 1021 BRANDED ITEMS

SEIU 1021 branded items are promotional items referred to as “purple stuff”. Examples of 1021 branded items may include t-shirts, facemasks, water bottles, mouse pads, lanyards, or any branded materials purchased to be given away to members or nonorganized workers. Purchases of 1021 branded items must adhere to board approved expense or purchasing policies.

Recordkeeping Requirement: SEIU 1021-branded items valued above \$10 per item inclusive of taxes and fees must be recorded and tracked for reporting compliance.

3. NON-CAPITAL ASSETS

Non-capital asset is any tangible item or certain intangible items with a purchase cost less than \$1000. Examples of non-capital assets include furniture and equipment such as ergonomic office furniture, small office equipment like adding machines and desktop printers, and some technology like portable speakers, cell phones, or refurbished laptops. These items are under scope (less than \$1,000) but are reasonably expected to be in use for 12 months or more. Because these items do not meet both the cost and usefulness criteria, they are expensed when purchased.

Recordkeeping Requirement: Non-Capital Assets must be recorded and tracked for reporting compliance.

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4. FIXED ASSETS

Fixed assets (also referred to as capital assets or Property, Plant and Equipment [PPE]) is any tangible item or certain intangible items purchased for use in the administration of day-to-day operations or to deliver services to members of SEIU 1021. Examples of fixed assets include but are not limited to items such as automobiles, large office furniture, fixtures, computers and other related technology equipment. Certain intangible assets like computer software, copyrights, and patents qualify as fixed assets as long as both the useful life and cost criteria are met.

SEIU 1021 has established a minimum threshold to for fixed assets. To be classified as a fixed asset, the item:

- has an economic useful life that extends beyond 12 months; **and**
- was acquired for a cost of \$1,000 or more.

The minimum capitalization threshold may be reviewed and adjusted periodically at the discretion of the Finance Director and the Budget and Finance Committee.

Recordkeeping Requirement: Fixed assets must be recorded and tracked for reporting compliance.

UNION PROPERTY MANAGEMENT PROCEDURES

All union property must be carefully maintained, securely stored when not in use, and when assigned to an individual, must be returned to the union immediately upon request and in the same condition n which it was assigned accepting of reasonable wear and tear . Upon termination, all union property must be returned. Lost or damaged items are the responsibility of the assigned person. Please reference the 1021 Policy and Procedures Manual.

SEIU 1021 BRANDED ITEMS

SEIU 1021 branded items must be properly recorded, secured, and tracked and will be accounted for by conducting a physical inventory count and records review. The records of in-stock 1021 branded items will be maintained by the Finance Department using the preferred property tracking software program. Requests of in stock items must follow the guidance as set forth in the interim purple merchandise policy (see Role of BFC policy) and shall be recorded using the service request ticketing system. Purchases of new 1021 branded items must be in accordance with the same policy. Upon receipt of delivery of purchased items, the designated administrative staff person must verify the order is fulfilled and add the new items to the property tracking software program as available in-stock inventory.

Tracking 1021 Branded Items: At all events where 1021 branded items are distributed, the list of the event attendees including the date and name of the event must be completed and submitted to the designated administrative staff person for tracking purposes. The attendee list must be attached to the service request ticket or to the UnionWare Event. The Finance Department will maintain records of 1021 branded items in stock, any new purchases, and any distributions and will facilitate periodic physical inventories of 1021 branded items in possession.

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NON-CAPITAL and FIXED ASSETS

All assets will be tagged with a barcode tag and a detailed record including sufficient detail to identify, locate, and value the asset will be maintained in the local's property tracking software. The Finance Department will maintain records of assets purchased and will facilitate periodic physical inventories of all assets in possession.

Requests for the purchase of necessary assets should be made using service request ticketing service and must adhere to board approved expense or purchasing policies. Before the ordered item is distributed to the requestor, it must be tagged with a barcode tag and a detailed record including sufficient details to identify, locate, value, and determine any warranty provisions associated with the item must be added to the property tracking software by the designated staff member.

Tracking Assets: Whenever an asset is moved from its assigned location, the record must be updated in the property tracking software, thereby re-assigning accountability for the proper safeguarding and use of the asset. Requests to relocate or "check-out" any asset should be made using the service request ticketing service for tracking purposes.

Resulting from periodic physical audits, a list of missing items will be given to the Director who oversees the location. It is the responsibility of each Director to reconcile the list of all equipment from their department not found during these periodic counts in a timely manner. Assets that cannot be located after exhaustive effort will be written off as "lost or stolen". In the event that periodic audits reveal repeated instances of missing assets, an investigation to determine root cause will follow. Should it be established that a staff person is responsible for the improper handling or lack of safeguarding of assets, disciplinary action may be taken. Should it be established that a member is responsible for the improper handling or lack of safeguarding of assets the Member-to-Member Dispute Resolution process may be initiated.

Disposing of Assets: In order to maintain accurate asset records, asset disposals shall be recorded promptly. These records shall reflect whether the items have been traded in, sold, stolen, or destroyed. A department may have assets that are no longer required due to:

- Lack of need
- Obsolescence
- Wear, damage or deterioration
- Excess cost of maintenance

In some cases, the asset no longer meets technological requirements, no longer fulfills a business need or is too costly to maintain or repair. The Clerical and Facilities Supervisor must ascertain the status of the asset and arrange for disposal. The following disposal methods may be considered: Recycle, Dump, Sale, Donation. Any sale or donation must have prior approval from the Head of Operations and Labor Relations.

The Clerical and Facilities Supervisor will inform the Finance Department of the disposal with the description of the item, including brand, model, serial number, color, and size, assigned location and/or accountable person in order for it to be identified properly and removed from the property tracking system. Disposal of computers and all technology related equipment will be

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handled by the IT Department in accordance with IT policies. The IT Director will inform the Finance Department about the description of the item, including brand, model, serial number, color, and size, assigned location and/or accountable person in order for it to be identified properly and removed from the property tracking system.

ACCOUNTING METHODOLOGY

Capitalization refers to how costs are treated on the financial statements. Fixed assets are capitalized, meaning the cost is recorded as an asset on the Statement of Financial Position thereby increasing the organization’s worth and then depreciated over the length of its useful life rather than fully expensed at time of purchase. That’s because the benefit of the asset extends beyond the year of purchase, unlike other costs, which are period costs benefitting only the period incurred.

SEIU 1021 establishes \$1,000 per unit as the threshold amount and a useful life of 12 months or more for minimum capitalization. To be characterized as a fixed asset, both criteria must be met. Tangible assets costing **below** the aforementioned threshold amount are recorded as an expense in the annual financial statements. Assets with an economic useful life of 12 months **or less** are required to be expensed for financial statement purposes, regardless if the acquisition or production cost threshold is met. The capitalization threshold and depreciation method may be reviewed and adjusted periodically at the discretion of the Finance Director and the Budget and Finance Committee.

Capitalization Method and Procedure:

All Fixed Assets are recorded at historical cost as of the date acquired and depreciated using the straight-line method beginning when placed in service. This method spreads the cost of the fixed asset evenly over its useful life.

Per US GAAP, initial measurement of property, plant and equipment is recorded at cost where costs include:

- all costs necessary to make the asset ready for intended use
- all expenditures directly related to the acquisition or construction of and the preparations for its intended use. Such costs as freight, sales tax, transportation, and installation should be capitalized
- Component parts of one piece of equipment (e.g., a CPU, computer monitor, keyboard, mouse, etc.), or items purchased as a set like a table and chairs, if purchased at the same time, must be accumulated and capitalized if, in total, the cost is greater than \$1,000.

Under U.S. GAAP, there is no predetermined useful life. However, best practice is to establish guidelines for how long management reasonably expects a class of asset to be in use. SEIU 1021 has established the following terms:

TYPE OF ASSET	USEFUL LIFE	DOL REPORTING	GL CODE
Furniture & Equipment	5 years	Office Furniture & Equipment	1410-000

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Computer & Telecommunication Equipment	5 years	Office Furniture & Equipment	1420-000
Building	30 years	Buildings	1600-000
Building/Leasehold Improvements	15 years	Other Fixed Assets	1610-000
Vehicles	5 years	Automobiles and Other Vehicles	1410-000
Land	Not Depreciable	Land	1600-000
Land Improvements	25 years	Land	1600-000
Software	3 years	Office Furniture & Equipment	1420-000

Repair and routine maintenance costs shall be expensed and recorded accordingly. All amounts that would be considered improvements will be capitalized.

TYPES OF FIXED ASSETS

MOVEABLE EQUIPMENT: These items are not permanently affixed to a part of the building. Examples include chairs, desks, filing cabinets, bookcases, etc. Some moveable equipment consists of more than one component. For example, a computer, keyboard etc. The assembled components may be considered as one item and recorded as a single capital asset.

FIXED EQUIPMENT: These items are permanently affixed to a building but is separate from the building itself. Examples are light fixtures, water fountains, fire control apparatus, etc.

BUILDINGS AND THEIR COMPONENTS: Buildings are roofed structures used for permanent shelter of persons, furniture and equipment. Examples of building components are plumbing, electrical system, elevators, and HVAC systems.

BUILDING IMPROVEMENTS AND DEPARTMENT RENOVATIONS: Major improvement projects that will extend the useful life of the asset, increase the efficiency, or add new capabilities will be capitalized. An example of this would be adding a new roof. All costs including parts and labor will be included in the total cost of the project.

Parts and labor utilized to perform minor repairs on an existing asset of the building are considered period costs and expensed in the period incurred. This type of work is considered routine repair and maintenance. Examples of this type of maintenance would be painting an office, replacing a faucet on a sink, or replacing carpet in an office, or HVAC servicing and repairs.

LAND: Land is defined as the solid part of the earth' s surface whether improved or unimproved. Land does not get depreciated over time. The acquired value is recorded for the cost of the land. Demolition costs are considered land costs.

LAND IMPROVEMENTS: Land improvements are modifications to outside areas. Examples include installing sidewalks, parking lots, fences, and yard lighting, sewer systems, landscaping.

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Expenditures for land improvements that have limited lives are capitalized separately from the land and depreciated over their expected useful lives.

INFRASTRUCTURE: Infrastructure is defined as an underlying base or foundation. For example, sewer lines, fiber optic, and steam lines.

SOFTWARE: Computer software includes all programs designed to cause a computer to perform a desired function. It includes the database or similar items that are in the public domain. If the software can be purchased "off the shelf", it may be expensed in the year purchased.

HARDWARE, PERIPHERAL AND ELECTRONICS: Computer hardware includes all parts designed in order for the computer to function as intended. It includes but is not limited to hard drives, monitors, key boards, printers and scanners. Other electronics include backup peripherals, cameras, cellular phones, etc. where the asset criteria have been met.

REPAIR is an expenditure that keeps the property in ordinary efficient operating condition. The cost of the repair does not add to the value. All repair expenditures are expensed in the period in which the repair is performed.

IMPROVEMENTS are expenditures for betterments, restorations, or adapting an asset to a new or different use. They prolong the life of the asset, materially increase its value or productivity, or adapt it to a different use and are therefore capitalized.