

# Sage Fixed Assets | White Paper

## Best Practices for Fixed Asset Managers

Developing solid techniques for proper management of fixed assets



This report is informational only and not meant as accounting, legal, or tax advice. Exceptions and special provisions are not covered, so you should consult your accounting, legal, and tax professionals for advice specific to your situation.

**Table of Contents**

**Executive Summary ..... 4**

**Start with an accurate baseline..... 5**

    Eliminate “ghost” assets..... 5

    Conduct physical asset inventories ..... 5

    Tag assets appropriately ..... 6

    Use the right labels for the job..... 6

    Select the right asset inventory hardware ..... 6

    Choose the best asset inventory software ..... 7

**Use the best tools for the job ..... 8**

    Move away from error-prone spreadsheets ..... 8

    Look for a scalable solution..... 8

    Take advantage of integration to other applications..... 9

    Effectively evaluate fixed asset management software..... 9

**Ensure accurate depreciation calculations..... 11**

    Achieve regulatory compliance..... 11

**Stop overpaying taxes and insurance..... 12**

    Take full advantage of fixed asset depreciation ..... 12

**Save money using additional methods..... 13**

    Maximize the benefits of Section 179..... 13

    Don't pay Alternative Minimum Tax if you don't have to..... 13

    Time purchases to avoid Mid-Quarter ..... 13

**Create financial reports tailored to your business ..... 14**

    Understand common fixed asset management reports ..... 14

**Be knowledgeable about your fixed asset system ..... 16**

**Supplement your solution when it makes sense ..... 17**

**Sage Fixed Assets solutions put best practices into action!..... 18**

**Conclusion..... 23**

## Executive Summary

In the world of accounting, the savings potential of improved fixed asset management is often overlooked. It's difficult to find the time and tools to devote the attention to fixed assets that they deserve. Yet assets like land, buildings, transportation, and manufacturing equipment, represent the largest investments most companies make. Sound fixed asset management can yield substantial tax savings in depreciation deductions. Conversely, sub-optimal fixed asset practices can threaten the accuracy of financial reports and negatively impact your bottom line. Establishing the highest standards of depreciation accuracy and best practices in fixed asset management will pay off in savings and efficiency for:

- Corporate accountants managing fixed assets
- CFOs striving to optimize business efficiencies and plan capital budgets
- Government asset managers complying with GASB 34/35 standards
- CPAs providing tax, depreciation, and auditing services to your clients
- Nonprofit executives seeking to gain maximum leverage from already strained resources

The goal of this paper is to help you learn about best practices for fixed asset management and suggest tips for implementing them in your organization. These best practices will help you to seek out potential savings in your fixed asset base and show you how to save time in the process. The suggestions will guide you in how to:

- Establish an accurate baseline of fixed assets
- Select the right tool for the job
- Rely on accurate depreciation calculations
- Stay up to date with legislative changes
- Produce targeted financial reports
- Get trained on the system you employ
- Add modules or services when appropriate

In the final section, you will be introduced to the Sage line of Sage Fixed Asset solutions and learn how these fixed asset management tools can build the foundation of your future best practices.

## Sage Fixed Assets

“One of the challenges faced by fixed asset managers is knowing when assets are physically transferred to another location, disposed, or sold. Sage Fixed Assets has an automated reconciliation process that eases this process and readily integrates with its accounting and depreciation functionality, providing a complete fixed asset management solution.”

Scott Swarts, Paragon Systems

### Start with an accurate baseline

There is nothing more critical to effective management of fixed assets than beginning with an accurate fixed asset inventory. Without it, no amount of added processes, controls, or correct calculations can ensure the accuracy of fixed asset accounting. The only reliable way to verify and validate the fixed asset information is to conduct a physical inventory.

#### Eliminate “ghost” assets

A “ghost” asset is property that is lost, stolen, or unusable, but is still listed as an active fixed asset in the system. According to Asset Management Resources, a leading provider of asset inventory and reconciliation services, “After 14 years of experience, AMR has repeatedly found that 65 percent of fixed asset data is incomplete, inaccurate, or altogether missing, while 10 percent to 30 percent of fixed assets are no longer owned.”<sup>1</sup>

Fixed assets hold a large presence on corporate balance sheets and represent the bulk of investments for many companies. If 10-30 percent of fixed assets on the books are ghost assets, a company might be overpaying taxes and insurance on those assets by up to 30 percent. In addition to this negative impact to the bottom line, large inaccuracies in fixed asset reporting risks cause flaws in the overall accuracy of corporate financials, posing a threat to executives responsible for ensuring regulatory compliance.

Ghost assets that are not identified can cause lost productivity because missing or unusable assets are not available when needed. Capital budgets are rendered inadequate because management is unaware of critical assets needing replacement.

#### Conduct physical asset inventories

In order to support optimal management, fixed assets should be inventoried on a regular basis using a consistent method at every business location. The accounting department and facilities department should work together to establish a system for conducting inventories as well as creating new assets in the fixed asset management system upon purchase. In this way, both the facilities team and fixed asset accounting managers can be confident that ongoing operational procedures will result in the most accurate information possible in the companywide fixed asset management system.

Physical inventories can be conducted concurrently at every location, referred to as “full inventory verification” or “wall-to-wall inventory.” Another method involves conducting multiple partial inventories within different departments, possibly at different times of year, known as “cyclical inventory verification.”<sup>2</sup> The best method for each organization depends on factors like personnel and resources.

Whether conducting a wall-to-wall inventory or partial inventories, all fixed asset inventory data should be centralized and reconciled against the existing data in the fixed asset accounting department. This ensures that fixed asset reporting provides management with accurate assessments of the fixed asset picture across the organization and ensures better compliance with regulatory requirements.

Another method of establishing a comprehensive baseline inventory of fixed assets is to enlist the services of third-party asset management services. Outsourcing can ensure that an initial wall-to-wall inventory is performed in an efficient, timely manner using external personnel. For the purposes of regulatory compliance, it also provides completely unbiased verification of assets. These service providers have demonstrated expertise in useful related areas such as property tax strategy, cost segregation, insurance risk management, and valuation. Third-party providers can help implement fixed asset inventory software and hardware systems and train company staff to conduct future inventories.

“To manage a profitable business, the management must have information regarding the current location, use, state of repair, and future usefulness of its productive assets. The chief financial officer has a duty to ensure a system is in place to provide this information.”

Raymond H. Peterson  
*Accounting for Fixed Assets*, 2nd ed.

<sup>1</sup> Michael N. Day and Stephen Talbot, “Data Validation the Best Practice for Data Quality in Fixed Asset Management,” (White Paper) Asset Management Resources, [www.amrnow.com](http://www.amrnow.com).

<sup>2</sup> William D. Brady, Jr., *Managing Fixed Assets in the Public Sector: Managing for Service Excellence* (Universal Publishers, 2001), 56-61.

## Tag assets appropriately

When a company owns multiple fixed assets that are nearly identical, it can be very easy to make mistakes by creating duplicate asset records or failing to dispose of the correct asset when identical assets are retired. The easiest solution is to tag each asset with a unique identifier in the form of bar code labels. This provides the additional advantage of speeding up the inventory process through the use of handheld technology that can scan and record each bar code in seconds. Labels are an important aspect of fixed asset management that is often overlooked. Due to environmental requirements, bar code necessities, and custom printing needs, you should look for a vendor that offers a variety of labels that can be printed on demand to meet your specifications.

## Use the right labels for the job

Choosing the type of bar code labels for assets depends on an assessment of the type of assets to be labeled as well as the environment in which the assets operate. Many types of high-quality, durable preprinted labels are available. Outdoor assets will require labels that withstand temperature variations as well as exposure to water. For high visibility, foil labels stand out and are easy to read. You may wish to purchase labels that break when removal is attempted to prevent labels from being tampered with or moved to another asset. Machinery and equipment in some operating environments need unique labels that can endure extremely high temperatures, such as 250° and up. Some samples of specific label types include:

- Tamper Evident
- Foil
- Polyester
- Destructible Vinyl

## Select the right asset inventory hardware

Once the decision is made to identify fixed assets using bar code labels, the inventory process will benefit greatly from the speed and efficiency gained through bar code scanning devices. Hardware should be selected to meet the needs of your business, and there are many types of handheld devices available. In addition to traditional bar code scanners, a variety of PDAs and Pocket PCs support bar code scanning.

Each type of bar code hardware has distinct advantages. Dedicated bar code scanners are extremely durable, reliable, and efficient. They scan faster and with greater accuracy on the first try than any other type of hardware. PDAs and Pocket PC devices are less costly and can be used for a variety of functions. These multiuse devices also support e-mail, address books, notepads, and other personal applications in addition to bar code scanning and inventory software.

Choose hardware that is effective for your business based on:

- Number of fixed assets to be inventoried
- Number of inventories conducted annually
- Conditions under which inventories are conducted
- Other uses you may expect from the bar code reader devices
- Available hardware budget

## Sage Fixed Assets

“Sage Fixed Assets is such a versatile product, we were able to perform a dynamic inventory of all the hospital’s existing assets with handheld scanners, reconcile that count, and establish policies and procedures for future fixed asset tagging in a matter of months.”

Suzanne Pedone, president  
IMSolutions.net

“Bar coding of individual asset tags will significantly reduce the efforts necessary for inventories.”

Raymond H. Peterson  
*Accounting for Fixed Assets*,  
2nd ed.

## Choose the best asset inventory software

When added to your fixed asset depreciation software, an integrated fixed asset inventory solution will save time through automatic reconciliation of the latest inventory data. Such software dramatically reduces errors because inventory data does not have to be manually reentered into the fixed asset accounting system. For the inventory solution to be effective, it should easily integrate into your existing fixed asset depreciation software and your general ledger system.

When selecting a fixed asset inventory solution, make certain that the package supports a variety of hardware choices that are cost-effective for your business. Inventory software should have the ability to support both baseline inventories to add new assets and dynamic inventories to update and verify data on existing assets. If your company has multiple locations, you'll want the software to provide the ability to conduct concurrent inventories while centralizing the results. Other selection criteria might include the ability to create groups and lists for identification during property tax preparation and a check-in/check-out feature that creates a history trail to prevent loss or theft of mobile assets.

### Solutions for Best Practices: Sage Fixed Assets – Tracking

- Enables multiple concurrent inventories with centralized reconciliation
- Check in/Check Out feature monitors assets on the move
- Seamlessly integrated with Sage Fixed Assets – Depreciation

“When we first implemented Sage Fixed Assets, the accounting staff conducted a fullblown audit, tagging all of the company's assets. Now, each location can perform its own inventory with hand-held scanners, and we've significantly reduced our travel expenses.”

Ryan Schipper, Endries International, senior accountant

**More details about these benefits and more in the Sage Fixed Assets solutions section.**

## Sage Fixed Assets

“Procedures should be such that if expensive equipment is removed, it will be missed within a reasonable time, and some record will exist as to who had access during that period.”

Raymond H. Peterson  
*Accounting for Fixed Assets*,  
2nd ed. (New York: John  
Wiley and Sons, 2002), 65.

## Use the best tools for the job

The stakes are too high to risk significant errors in fixed asset accounting. Fixed asset managers require an organized, consistent system to manage fixed assets that yields reliable, accurate depreciation results. Fixed asset management software provides fixed asset managers with the tools they need to optimize the quality of fixed asset management and support executives in making sound decisions about fixed asset priorities.

### Move away from error-prone spreadsheets

Many fixed asset managers attempt to calculate depreciation using spreadsheets that they must program and update manually. Creating depreciation spreadsheets requires a tremendous expenditure of time, and they are prone to many problems, including:

- Errors in formulae that go unnoticed and cause miscalculations
- Changes in tax rules and regulations that do not get incorporated
- Lack of audit trails and history
- Inability to change depreciation methods for an asset easily
- Limited internal control features to comply with Section 404 of Sarbanes-Oxley
- Difficulty in exchanging data with other accounting applications
- Inability to attach other information (such as images) to an asset
- Failure to integrate with an inventory solution

“Spreadsheets can certainly perform complex mathematical calculations. They are, however, not the best tool for managing fixed assets,” cautions former editor of Accounting Technology, Ted Needleman, advising instead, “What your clients need is a combination of database and calculation engine.”<sup>3</sup>

Sage Fixed Assets – Depreciation contains over 300,000 IRS tax and GAAP rules and over 50 methods of depreciation—and this is just an example of what is entailed in developing a depreciation calculation engine. Simply put, the spreadsheet method for calculating depreciation on fixed assets is too difficult, risky, and time consuming to be considered effective.

### Look for a scalable solution

When selecting fixed asset software, consider the size of your organization and the number of fixed assets as well as potential for future growth. When you choose a solution provider, ask about the scalability of the software you are evaluating. If your business is small, ask if the provider offers a version of the software designed for the needs of small businesses and available at a more affordable price. This will ensure that you can optimize your fixed asset management while maintaining positive return on investment. If your business is midsized or larger, can you add integrated products for additional functionality, such as inventory management, project accounting, and advanced reporting? When considering inventory solutions, be sure that the solution will be able to accommodate evolving needs in your choices of barcode reader hardware and labels. As your company acquires more assets, are faster, more powerful solutions available to meet the needs of an expanding fixed asset database? Is the reporting package extensive and easily customizable, based on your organization’s changing needs?

## Sage Fixed Assets

“The simple use of a system thoroughly designed for depreciation, versus writing your own inside a spreadsheet program, is a tremendous timesaver.”

Wayne Schulz,  
“Fixed asset software: More than just depreciation,” Accounting Today,  
October 6, 2003.

<sup>3</sup> Ted Needleman, “Fixed assets software: The forgotten application?” Accounting Today, October 11, 2004.

**Take advantage of integration to other applications**

To reduce the risk of needless error and make the best use of your time, it is essential that the fixed asset management system you select integrates with your accounting system. All fixed asset management modules should integrate seamlessly together and reconcile within one centralized database. Additionally, your fixed asset system should be able to exchange data with your general ledger and other accounting systems. Whenever data can be automatically shared between applications, valuable time is saved that would otherwise be spent manually rekeying critical data. Integration also ensures that clerical errors, such as typos, do not cost your organization money and compromise accuracy.

**Effectively evaluate fixed asset management software**

Fortunately, fixed asset management software solutions exist that can automate the process while saving time and eliminating the errors associated with spreadsheets. In reviewing fixed asset software packages for the *CPA Technology Advisor*, Isaac O'Bannon recommends examining navigation and ease of use, management features, integration, reporting abilities, and the quality of technical support and software updates.<sup>4</sup> The following are some features and considerations in each of these areas of fixed asset software evaluation:

<p><b>Navigation and Ease of Use</b></p>	<ul style="list-style-type: none"> <li>• User interface should display multiple books on the same screen for comparison.</li> <li>• Templates reduce data entry errors and save time during the creation of new assets.</li> <li>• Simplified processes for initial installation and setup of company data.</li> <li>• Importing existing data from your current solution or spreadsheet should be easy.</li> <li>• Help and documentation features should be comprehensive and easy to use.</li> </ul>
<p><b>Management Features</b></p>	<ul style="list-style-type: none"> <li>• Choose a solution that allows you to customize fields and define at least one book to the specific needs of your organization.</li> <li>• The ability to add images to an asset file allows you to store photographs of an asset, purchase receipts, and more.</li> <li>• Solutions that raise flags for further review can help you avoid an IRS audit.</li> <li>• Query or grouping features enable you to search for, define, and edit multiple assets quickly.</li> <li>• Make sure you can print appropriate fixed asset-related tax forms directly from your solution to avoid unnecessary rekeying of depreciation data.</li> </ul>
<p><b>Integration</b></p>	<ul style="list-style-type: none"> <li>• Fixed asset solutions should be open and extensible, enabling the free flow of data both into and out of the fixed asset management system through reports and external files.</li> <li>• Integration with general ledger software saves time and reduces clerical errors by eliminating duplicate data entry.</li> <li>• Integration with an inventory solution automates verification and reconciliation of fixed assets.</li> <li>• Security features are essential to safeguard the accuracy of depreciation data.</li> <li>• Gain remote access to the fixed asset solution in a way that is secure and easy to implement. Citrix, Windows Terminal Services and Virtual Private Networks can provide reliable access from remote locations without compromising data control.</li> </ul>

<sup>4</sup> Isaac M. O'Bannon, "Forecasting Capabilities Aid in Long-Term Depreciation Strategies: A Review of Fixed Asset Software," *The CPA Technology Advisor*, November 2004.

<b>Reporting</b>	<ul style="list-style-type: none"> <li>• A solid variety of prebuilt reports enables the fixed asset manager and financial executives to review most standard asset metrics quickly and regularly.</li> <li>• The ability to customize standard reports provides fast, easy formatting to your business preferences.</li> <li>• Select a vendor that provides a custom report-writing tool if you will need to create additional reports without learning a complex reporting tool or being a database administrator.</li> </ul>
<b>Technical Support/Updates</b>	<ul style="list-style-type: none"> <li>• Select a software vendor that demonstrates a long history of leadership in fixed asset management.</li> <li>• Seek out feedback on both the product and the company.</li> <li>• Look for demonstrated commitment to and leadership in technical support as well as easy access to support when you require it.</li> <li>• Regular software updates accommodating tax law changes should be provided with the technical support plan.</li> <li>• Vendor should provide a solution that fits your business model—nonprofits and government entities manage fixed assets differently than corporations.</li> </ul>

Carefully review both providers and solutions as you conduct your evaluation. Find out how other customers are benefiting from the solution. Ask for a demonstration, or try out an evaluation copy at your company. By beginning your search for a solution with a clear idea of the features you would find most beneficial and selecting from vendors that have a long history and expertise, you'll ensure that you find the software that is right for your organization.

### Solutions for Best Practices: Sage Fixed Assets

Sage Fixed Assets solutions offer a range of applications for accurate fixed asset accounting and depreciation based on the size of your business and your type of organization.

- Sage Fixed Assets – Lite Depreciation—designed for small businesses with fewer than 1,000 assets
- Sage Fixed Assets – Depreciation—for medium-sized firms
- Sage Fixed Assets – Premier Depreciation—delivers increased speed and capacity for midsize to large companies
- Sage Fixed Assets – Planning—allows for easy management of projects during the construction of fixed assets
- Sage Fixed Assets Gov Solutions—specially designed for the GASB 34/35 needs of governmental entities
- Sage Fixed Assets Nonprofit Solutions—designed to help nonprofit organizations fully leverage their fixed assets

“Our portfolio is twice the size it was in 1995—people don’t realize the level of capital investment we continue to make. Sage Fixed Assets has allowed us to grow without increasing our staff and audit fees proportionally.”

Jonathan Levi, VP of IT & Telecommunications, The Mills Corporation

**Find out which is right for your organization in the Sage Fixed Assets solutions section.**

## Ensure accurate depreciation calculations

The most important function of fixed asset management is to ensure that depreciation is calculated correctly for all fixed assets. Fixed assets represent the majority of capital investments for most companies and can account for 35-50 percent of Fortune 500 companies' total assets.<sup>5</sup> With this much at stake, it is imperative that fixed assets are managed with solid procedures, best practices, and optimal technology.

**Fixed asset depreciation mistakes are costly.** Because fixed assets represent such a significant investment for most companies, mistakes in fixed asset management can have negative consequences. Depreciation errors can result in financial reporting mistakes, risking failure to comply with regulatory requirements. Improperly calculated depreciation can also be expensive to the company both through the overpayment of property taxes and insurance, and failing to take maximum advantage of depreciation methods that result in larger tax savings.

### Achieve regulatory compliance

When Congress passed the Sarbanes-Oxley Act in 2002, it sought to improve corporate governance of public corporations and reduce fraudulent reporting. The Act places new financial reporting burdens on corporations and imposes strict penalties for noncompliance. CEOs and CFOs of public U.S. companies must personally certify the integrity of financial reports, as well as the procedures and systems used to create them. Public accounting firms must affirm the validity of the financial reports and assessments.

Although Sarbanes-Oxley currently applies only to public companies, many private companies and nonprofits are also adopting the methods in an effort to provide better financial insight to financial partners, boards, and donors.

Section 404 of this act requires a corporation to report on the effectiveness of its internal controls and requires an external auditor to attest to this statement. Consequently, corporations must now document their internal control structure and evaluate its effectiveness to ensure the accuracy of financial data. By having an outside software vendor provide a packaged fixed asset solution, a company demonstrates that it is not creating its own unique depreciation calculations outside of the scope of current legislation and IRS tax rules.

Compiling an accurate financial picture of a company requires accurate fixed asset records as well as compliance with applicable tax laws and regulations for acquiring, depreciating, and disposing of assets. Fixed assets represent so much of a company's investments that errors in depreciation can have an impact on the accuracy of the larger financial picture. Faulty corporate financial reports can form the basis for criminal liability for both executives and auditing firms under Sarbanes-Oxley.

7 Jennifer Kruger, "Fixed Asset Fix," CFO Magazine, February 1, 1999.

## Stop overpaying taxes and insurance

If assets that are no longer in service are not properly disposed of in accounting records, companies can continue to pay property taxes and insurance on them. Companies are, on average, overpaying taxes and insurance on approximately 12 percent of the fixed assets on the books. Even mistakes in the amount of depreciation calculated can result in overpayment, as insurance premiums are usually based on a percentage of the total current value of fixed assets.

As you consider fixed asset management software, it's helpful to determine the return on investment (ROI) that optimized fixed asset management would provide your company. To calculate ROI, you'll look at the total value of your fixed assets and estimate the amount of lost or stolen assets on your books. The average for most companies is about 12 percent. Then, based on your tax and insurance rates, calculate the value of overpayments on taxes and insurance for your ghost assets. Compare this annual expenditure to the cost of purchasing and maintaining support on a fixed asset management system.

Following is an example of the effects of 12 percent overpayment of federal and state income tax, personal property tax, and insurance:

<b>Number of Fixed Assets</b>	500
<b>Total Cost of Depreciable Fixed Assets</b>	\$2,000,000
<b>Average Value of Each Asset</b>	\$4,000
<b>Percentage of Ghost Assets</b>	12%
<b>Total Cost of Ghost Assets</b>	\$240,000
<b>Tax Rate—Federal and State</b>	36% on 40% avg. remaining asset life
<b>Personal Property Tax</b>	3.4% on 70% of assets
<b>Insurance Rate</b>	1 cent per \$1
<b>Potential Overpayment—Federal and State</b>	\$34,560
<b>Potential Overpayment—Personal Property Tax</b>	\$5,712
<b>Potential Overpayment—Insurance</b>	\$2,400
<b>Total Potential Annual Overpayments</b>	<b>\$42,672</b>

For a tool that helps you calculate your own organization's ROI in fixed asset software, visit [www.SageFAS.com/ROI](http://www.SageFAS.com/ROI) and enter estimates of asset value and number of assets.

### Take full advantage of fixed asset depreciation

Fixed assets are expensive to purchase and maintain, so it is fortunate they also represent tax savings in the form of depreciation write-offs. But tax laws are constantly changing, and it takes extra vigilance to ensure that each asset is assigned the correct useful life, depreciation method, and any additional bonus depreciation amounts in order to maximize tax savings. In the past, special 30 percent and 50 percent bonus depreciation represented significant tax incentive for certain types of fixed asset purchases. Additionally, the limits for Section 179 expenses (allowing for the full depreciation of an asset within the first year of purchase) have increased several times in recent years. Failing to take the full depreciation available on a fixed asset is an opportunity lost and provides additional impetus for companies to demand accurate depreciation calculations.

## Sage Fixed Assets

“A depreciation deduction has been a part of modern U.S. income tax since its inception. It is at the nexus of several tax policy objectives that at times compete against and at other times complement one another.”

Beth B. Kern, Accounting Historians Journal

“The role of depreciation and the investment tax credit in tax policy and their influence on financial reporting in the 20th century,” Accounting Historians Journal, December 2000, p 1.

## Save money using additional methods

Below are additional ways you can use best practices for fixed asset management to save your organization money and help deliver more to the bottom line.

### Maximize the benefits of Section 179

Usually, you must capitalize and write off the cost of long-lived business property over a period of years.

The Section 179 provision lets you immediately expense the cost of your property up to the annual limit for that particular year. To maximize the benefits of Section 179, carefully choose the assets for claiming this deduction:

- Assets with a longer recovery period
- Assets placed into service in the last quarter of the year to avoid the midquarter convention

When electing Section 179, carefully time your purchases and choose your assets to maximize the benefits.

### Don't pay Alternative Minimum Tax if you don't have to

Some small corporations are needlessly paying the Alternative Minimum Tax (AMT). Your company may be exempt if:

- The current tax year is the corporation's first year of operation, or
- Annual gross receipts for the first three years after 1993 and before current year had average gross receipts of less than \$5 million, and
- The corporation's average annual gross receipts for all subsequent three-year periods did not exceed \$7.5 million.

Review your tax situation for the current and previous years—you may qualify for the AMT exemption. If so, make sure you don't pay the AMT. Review prior tax forms to determine whether you should file an amended return to recover AMT for previous years.

### Time purchases to avoid Mid-Quarter

The mid-quarter convention was created to prevent businesses from purchasing and placing the majority of assets into service at the end of the year and claiming a large deduction. If you plan to make a substantial purchase late in the year, calculate whether it will cause more than 40 percent of the year's purchases to fall in the last three months of the tax year. If so, the mid-quarter convention may apply, which may reduce your annual depreciation deduction for that year.

Carefully consider the timing of major purchases and the impact of the mid-quarter convention. You may even want to consider delaying purchases to the first quarter of the following year to avoid it.

## Create financial reports tailored to your business

Fixed asset management reports provide instant insight for tax planning, better use of existing assets, and future asset acquisitions. You can easily generate reports with a fixed asset management system and export them to a variety of formats for distribution. Most fixed asset managers develop a set of reports they use frequently, as well as a variety of tools used to provide feedback and insight to the CFO and management.

You can accomplish reporting from your fixed asset system in multiple ways. First, many software solutions deliver with a number of prebuilt reports included. These reports cover many common metrics reviewed by fixed asset managers and have the advantages of ease of use and rapid creation. Second, with a custom report writer solution, you can create any number of reports from scratch and save them for repeated use. This method has the advantage of allowing you to tailor precisely the type of calculations and format your business dictates without limits. With a custom report writer, you can build appealing visuals such as charts and graphs and create very complex, specialized formats such as multicurrency reports. A third, more blended approach exists in some fixed asset management solutions—the ability to customize standard reports. In this feature, you can easily add, remove, and move columns, change headers, formatting options, and more to create a tailored appearance and content without sacrificing the time required to build a new custom report.

### Understand common fixed asset management reports

Here are some of the most commonly used reports for fixed asset managers. Consider the reports you will need to use most when evaluating fixed asset management software. Additionally, your fixed asset system should calculate and produce printable tax forms relevant to fixed asset management.

#### Depreciation Reports

<b>Depreciation Expense Report</b>	Includes figures for current and previous depreciation and the depreciation that was calculated in the last run.
<b>Tax Expense Report</b>	Analyzes the current year's depreciation expense for tax purposes.
<b>Depreciation Summary</b>	Listing of depreciation-related information for assets, including acquired values and Section 179 amounts.
<b>Period-Close Summary</b>	Lists period close dates and date of last depreciation calculation for selected assets.
<b>Asset Basis Report</b>	Shows how depreciable basis was calculated in the last depreciation run.
<b>Net Book Value Report</b>	Displays current net book value and its calculation by asset, along with the total percentage of depreciation taken to date per asset.

### Transfer and Disposal Reports

<b>Disposal Report</b>	Lists assets that have been disposed of and the amounts of realized, recognized, and deferred gain or loss for each asset.  Also: Partial Disposal Report
<b>Disposal Worksheet</b>	Provides additional details about how the gain or loss was calculated for an asset.
<b>Transfer Report</b>	Tracks origin and destination of transferred assets. Lists transfer date, acquired values, prior and current accumulated depreciation, and whether the transfer was within the company or outside.  Also: Partial Transfer Report

### Management Reports

<b>Annual Activity Report</b>	Shows Acquired Value balance activity for fixed asset accounts, including cost of any acquisitions and disposals throughout the year, and beginning and end asset account balances.
<b>Fixed Asset Summary</b>	Displays account balance activity for both Acquired Value and Depreciation over the fiscal year. This report helps you tie into the asset and accumulated depreciation amounts on the balance sheet.
<b>Quarterly Acquisition Report</b>	Tracks all assets acquired in each fiscal quarter.

### Tax Reports and Forms

<b>Form 4562</b>	Details depreciation expense.
<b>Form 4255</b>	Investment tax credit recapture.
<b>Form 4626</b>	Corporate ACE and AMT worksheets.
<b>Form 4797</b>	Records the sale of property.
<b>Form 3468</b>	Investment tax credit.
<b>Projection Reports</b>	Reports that project AMT and ACE are useful in tax planning.

### Reports on Fixed Asset Value

Most fixed asset managers have a report that tracks the annual Replacement Value of fixed assets. Additionally, many use a report that will calculate the interest on either Replacement Value or Acquired Value.

### Projection Reports

These predictive insight tools enable you to run annual or monthly projections for total depreciations expense on selected groups of assets.

### Solutions for Best Practices: Sage Fixed Assets – Reporting

- Quickly customize the look of standard reports
- Create tailored reports using data from any Sage Fixed Assets solution
- Easily add charts, graphs, and visuals
- Export data and distribute reports in a wide variety of formats

“There are many standard reports available, and Sage Fixed Assets – Reporting is also available. Users don’t need to be familiar with Crystal Reports® to create reports, because Sage Fixed Assets’ Report Helper walks you right through the setup process. It’s the easiest, fastest report writer I’ve ever used.”

Jill Kight, cost analyst, Catawba Valley Medical Center

**Review more features and benefits in the Sage Fixed Assets solutions section.**

### Be knowledgeable about your fixed asset system

Fixed asset software is designed to save time and reduce errors while tracking and managing fixed assets. In order to leverage the most efficiency from the solution, it is important that users learn how best to use the features and functions provided. Attending product training ensures that staff members will not reduce accuracy by using the solution incorrectly, or lose time by not taking full advantage of short-cuts and features.

Two things are critical when considering training—timing and resources. It is best to send staff to training well ahead of the busiest times of year for fixed asset management, such as inventories and tax season. Users should have time to absorb the lessons of training and put their new knowledge into practice ahead of these events. It’s also important to ensure that enough members of the staff are trained to use the system to provide efficient coverage of fixed asset management functions during tax season.

There are several options available for fixed asset software training. Online classes can provide basic knowledge and can be useful to introduce new users to software packages without the time and expense associated with travel. Such classes can be conducted live over the Internet at a predetermined date and time, or over an easily downloadable Web session, available to take at your convenience. For more in-depth training in intermediate and advanced functionality, users can attend training in a classroom environment. Finally, customized training delivered on-site at your location provides effective learning to the entire staff tailored to your specific business environment.

## Sage Fixed Assets

“Sage really has done everything I expected. Specifically, Sage provided comprehensive training that really helped us get started on the right foot, and provided solid technical support and supplemental training as we grew.”

Jonathan Levi,  
VP of IT and Telecommunications  
The Mills Corporation

## Supplement your solution when it makes sense

An important part of choosing your fixed asset management system is being able to supplement it with other functionality when your business needs expand. Businesses often choose to integrate their fixed asset solution with their general ledger software or other accounting applications. These integrations provide additional time savings for the user because the software packages can exchange data that would otherwise have to be manually reentered into the second system.

As mentioned earlier, the addition of a fixed asset inventory system helps to ensure accuracy and reduce tax and insurance bills by verifying and reconciling physical fixed assets against the fixed asset database. Inventory solutions can be implemented in cooperation with the facilities management staff to establish an effective procedure for routine inventories and new additions of fixed assets.

Adding a construction-in-progress accounting solution (also known as work in progress or project accounting) can help you collect expenses, compare actual spending to the budget(s), and tame large numbers of invoices during construction or assembly, prior to placing an asset in service. Project accounting software enables you to collect invoices and create assets prior to placing them in service in your fixed asset accounting software. This allows careful tracking and reporting on the status of projects such as equipment upgrades, renovations, and new construction.

“Before implementing Sage Fixed Assets – Planning, our progress accounting was done in Excel. That process resulted in a great deal of confusion and incorrect fixed asset values. Also, we’ve been in the process of buying a new building and needed a program that could keep track of the costs. When Sage created the Sage Fixed Assets – Planning product, I knew we had to have it. We went through the online demo, bought it on the spot, and haven’t looked back. We’ve just purchased that new building and will be doing a complete rebuild of it over the next several months. I know Sage Fixed Assets – Planning will be instrumental in helping us keep track of the associated expenditures.”

Stefanie Daughters, assistant controller, AGA Medical Corporation

To create reports that provide fixed asset management insight in a highly customized format, consider purchasing an integrated custom reporting system. This will ensure that the reports reviewed by fixed asset managers as well as management are tailored to the specific needs of your business.

Finally, your fixed asset solution provider can create other customized functionality through its Professional Services team. Customized services can include custom integrations, report writing, data conversion, and implementation services.

## Sage Fixed Assets

## Sage Fixed Assets solutions put best practices into action!

For 25 years, Sage has led the fixed asset software industry with its comprehensive line of Sage Fixed Assets solutions. In fact, 15 Sage products, including Sage Fixed Assets, were included by Accounting Today editors among the “Top 100 Products for 2006.” Sage Fixed Assets also received a five-star rating from *The CPA Technology Advisor*, which noted, “The availability of various ‘sized’ Fixed Assets products, designed for entry-level, small, medium-sized, or larger businesses, promises users a clear migration path should their needs change.” Fixed asset managers choose Sage Fixed Assets by three to one over other solutions. And Sage Fixed Assets is trusted and used by all of the Top Ten accounting firms.

### Sage Fixed Assets – Depreciation

Designed for businesses of all sizes, Sage Fixed Assets – Depreciation provides advanced fixed asset accounting and reporting features for businesses needing effective decision making tools in integrated accounting environments. The robust depreciation calculation engine is unparalleled, containing over 300,000 IRS tax and GAAP rules and more than 50 supported depreciation methods.

- Seven books, all visible on one screen—Internal, Tax, ACE, AMT, State, and two user-defined custom books
- Manages entire fixed asset life cycles, including transfers and disposals
- Password security on user-defined menu levels
- Easy to install, navigate, and use and includes online help, electronic documentation, and the Sage Fixed Assets Depreciation Guide—the definitive resource on fixed asset management
- Audit Advisor flags assets with potential compliance issues for further review
- Automatic calculation of AMT and ACE schedules and over 50 methods of depreciation—including MACRS 150 percent and 200 percent (formulae and tables), ACRS, Straight Line, Modified Straight Line (formulae and tables), Declining Balance, Sum-of-the-Years-Digits, and customized depreciation methods
- Built-in depreciation rules ensure you use the correct depreciation method and tax schedule
- Company Setup Wizard makes getting started fast and easy
- Organizes fixed assets in an easy-to-view format
- Includes over 20 predefined reports for financial and tax-reporting
- Fully customizable data entry screen including field names, lengths, pictures, and prompts—fields can even be turned off completely
- Customizable “SmartLists” for fast, accurate asset entry
- Powerful group features enable working with multiple assets simultaneously
- Contains more than 30 standard reports, including printable tax forms
- Seamless integration to all Sage accounting applications is included at no additional charge

### Sage Fixed Assets – Tracking

Sage Fixed Assets – Tracking is seamlessly integrated to provide automated reconciliation with any Sage Fixed Assets – Depreciation solution. Using state-of-the-art bar code technology, including Windows Mobile® devices, Sage Fixed Assets – Tracking creates and tracks multiple physical inventories of assets quickly and efficiently—so you achieve tighter control of your fixed assets.

- Conducts multiple inventories concurrently at various sites and reconciles data at one central location
- Supports Baseline Inventories to add new assets and Dynamic Inventories to verify existing asset data
- “Check-In/Check-Out” feature with a “Check-Out History” monitors mobile assets

## Sage Fixed Assets

“[Sage] fixed asset software continues to offer a combination of features and functionality that optimizes its effectiveness, from a company that has been a consistent leader in this field. With its companion products, including [Sage] Fixed Assets Gov Solutions, [Sage] has among the broadest product lines in the fixed asset field.”

Barry Knaster  
Accounting Technology  
October 2003

“With Sage Fixed Assets – Depreciation, Sage has developed the most technologically sound fixed asset software solution on the market.”

Tom Johansmeyer  
CPA Magazine  
November 2006

- Inventories can be conducted at remote locations by exchanging data over e-mail
- On-screen “Virtual Reader” lets you perform a test inventory—and even add assets—before you invest in hardware
- Fifty-one fully customizable fields with the ability to control data entry and notes, plus images to describe each asset record
- “Groups,” “Templates,” “SmartLists,” and “Search-and-Replace” features provide powerful asset management tools and streamline inventory methodologies
- “Detail View” provides complete information including property type, class, acquisition date, supplier location, general ledger asset account, accumulated and expense account numbers, custodian, and more

## Everything you need to conduct physical fixed asset inventories!

- Sage Fixed Assets – Tracking
- Many compatible handheld devices available-including bar code scanners,PDA’s and PocketPCs
- Extensive selection of pre-printed bar code labels
- Wall-to-wall inventory services (provided by Sage partners)

### Sage Fixed Assets – Reporting

Sage Fixed Assets – Reporting gives you easy, point-and-click control over the format, appearance, and context of all your depreciation and asset management reports. Whether you customize the format of a standard report, or create a new report from scratch, Sage Fixed Assets – Reporting lets you create insightful, professional reports to save and reuse whenever you wish.

- Customized Standard Reports feature lets you instantly tailor the format of Sage Fixed Assets standard reports to your needs
- Create fully customized reports that handle up to 999,999 assets
- Select any Sage Fixed Assets – Depreciation or Sage Fixed Assets – Tracking data field you want to use as a column heading
- Choose the range of assets you want to include in your report—you can even specify a wildcard entry, which will search the database for a partial match of what you’re looking for
- Perform an unlimited number of sorts and subtotals
- Create an unlimited number of calculated columns
- Store report definitions for future use or editing
- Create graphs using Sage Fixed Assets data and use visuals to make your report stand out
- Export data to Excel, Word, Adobe® Acrobat®, WordPerfect®, ASCII files, Crystal Reports, HTML, XML, and more
- Save report definitions to use in future reports and share with others

## Sage Fixed Assets

“Thanks to Sage Fixed Assets – Depreciation for SQL Server, we saved \$1 million in taxes—a significant opportunity we’d have lost if we waited to upgrade our ERP system. And, because it’s so easy to do tax reporting in Sage Fixed Assets, we also save about \$10,000 in audit fees every year.”

John Garbaciak  
Vice president of financial reporting  
Edelman Public Relations Worldwide

“...We’ve gained the ability to track and maintain a detailed listing of our physical inventory, depreciate those assets monthly, and run a variety of reports as frequently as we need them.”

Tammy White  
Fixed asset manager  
Maury Regional Hospital

“Sage Fixed Assets – Reporting is very flexible. I simply select the specific group that I want, and run the reports I need.”

Dan Leider, senior accountant  
Bell & Gosset

## Sage Fixed Assets – Planning

Whether you're assembling multicomponent equipment, upgrading machinery, renovating buildings, or just accumulating separate invoices prior to placing a fixed asset into service, Sage Fixed Assets – Planning is the perfect addition to Sage Fixed Assets – Depreciation. This fully integrated solution instantly creates your new fixed assets in Sage Fixed Assets – Depreciation upon project completion.

- Manage both capitalized and expensed assets for convenient project tracking
- Easily accumulate and summarize numerous purchase orders, invoices, receipts, and tasks—including physical components, shipping costs, labor/assembly charges, and unlimited miscellaneous items
- Automatic roll-up of actual purchase order, invoice, and task costs at the asset and project levels, giving instant access to critical information
- Global “Search & Replace” function makes bulk data updates a breeze Instantly monitor Budget vs. Actuals with on-screen financial analysis, including original and revised budgets, for immediate notification of cost overruns
- Administer data at multiple levels, including project, line item/asset, and invoice/purchase order
- Track all of your project details including status, contacts, notes, and all the financials—plus monitor both physical and financial completion status of projects
- Built-in reports provide instant insight into your business with the click of a button
- Consolidated reports offer a broad look at your business across all projects

## Sage Fixed Assets Gov solutions

GASB 34/35 compliance poses challenges for fixed asset managers working in government agencies, schools, and other organizations. Sage recognized the special needs of these organizations when it developed Sage Fixed Assets Gov solutions to help them inventory, track, and report on their fixed assets. Over 500 government agencies and schools rely on Sage Fixed Assets Gov solutions for total control over fixed asset management.

- Sage Fixed Assets – Gov Depreciation
- Sage Fixed Assets – Gov Tracking
- Sage Fixed Assets – Planning
- Sage Fixed Assets – Reporting

## Sage Fixed Assets Nonprofit solutions

Specially designed for the needs of nonprofit organizations, the Sage Fixed Assets Nonprofit line of solutions are easy to install, use, and customize. From internal audits of assets to asset tracking and flexible reporting, Sage Fixed Assets Nonprofit can help your organization make better use of your fixed assets.

- Sage Fixed Assets – Nonprofit
- Sage Fixed Assets – Nonprofit Tracking
- Sage Fixed Assets – Planning
- Sage Fixed Assets – Reporting

## Sage Fixed Assets

“Because I report to several regulatory agencies, all of which want reports in a different format, Sage Fixed Assets – Reporting makes my life much easier. It also helps me prepare GASB 34-compliant financial statements.”

Beverly Bales  
Rinehart  
Controller  
City of Beckley, WV

“Sage Fixed Assets – Nonprofit meets our needs, especially in the area of flexible reporting... we feel confident in its accuracy.”

Jean Torres  
Business manager  
Ojai Valley School

### **Sage Fixed Assets delivers demonstrated value**

Sage Fixed Assets solutions provide solid value by enabling customers to maximize tax savings with accurate depreciation and eliminate ghost assets from the books that result in overpayment of property taxes and insurance. Sage developed a Return-on-Investment Calculator to help fixed asset managers predict the value of adding fixed asset management software to their best practices. **To access the free ROI Calculator, please visit: [www.SageFAS.com/ROI](http://www.SageFAS.com/ROI)**

See the benefits for yourself! Attend a product Webcast or view a brief, prerecorded Web demo any time at your convenience to preview the features that can save your organization time and money. Visit: **[www.SageFAS.com/Try](http://www.SageFAS.com/Try)**

### **The Sage commitment to customer service**

Industry-leading solutions mean nothing without outstanding customer service and technical support to back them up. Sage maintains the highest commitment to its customers through expert support, training, and professional services.

## **Sage Fixed Assets**

“Sage Fixed Assets paid for itself in the first year of use, and we estimate that using the software has reduced the time spent on asset tracking and recording by about a third.”

Jill Kight  
Cost analyst  
Catawba Valley  
Medical Center

## Sage Fixed Assets SupportPlus

Sage Fixed Assets SupportPlus membership delivers benefits to customers in many ways. Members receive regular software updates that include all tax law changes as well as new features and functions. Members are also entitled to exclusive discount offers on Sage Fixed Assets products and training. And expert technical support is just a toll-free phone call away.

For a convenient, hassle-free resource, members can also access Sage Fixed Assets SupportPlus Online, a 24x7 Web support hub that includes the Sage Fixed Assets Solution Center—a searchable reference providing answers from the same knowledge database the Sage Customer Support experts use every day. Sage Fixed Assets SupportPlus Members can also download the latest Sage Fixed Assets files, sign up for the TechFlash newsletter, track the status of open support incidents, and participate in peer-to-peer forums at Sage Fixed Assets SupportPlus Online.

Sage Fixed Assets SupportPlus is SCP® Certified. SCP Certification is an internationally recognized standard that requires comprehensive onsite audits to confirm that companies meet stringent requirements and deliver world-class technology support. Factors such as corporate commitment and direction, customer satisfaction, and performance metrics are taken into consideration. SCP-Certified companies must demonstrate their commitment to high performance standards through annual recertification audits. You can rest assured knowing that as a SCP-Certified support center, Sage Fixed Assets SupportPlus will provide you with the highest level of customer support.

## Sage Fixed Assets Professional Services

Sage Fixed Assets Professional Services offers a range of expert on-site support, enabling you to get the most out of your Sage Fixed Assets solution. From installation and implementation to custom development services and more, these top-notch consultants are highly trained to help you realize immediate benefits. Sage Fixed Assets Professional Services team can assist you with:

- Implementation
- Data conversion
- Custom report writing
- Database diagnosis and repair
- Custom interface design
- And more!

## Sage Fixed Assets Training

Sage Fixed Assets Training is designed to help customers get the most out of their Sage Fixed Assets solutions by becoming experts in the features and shortcuts of Sage Fixed Assets. Flexible and affordable, customers can choose among online, classroom, and on-site training to find the best combination of convenience and value for their business. Training is available for every level of student, from basic skills to advanced functionality. Courses combine instruction by depreciation experts with hands-on learning and include valuable reference materials to take back to the office. To receive more information about Sage Fixed Assets solutions, call 800-368-2405. Or visit: [www.SageFAS.com](http://www.SageFAS.com)

## Sage Fixed Assets

“I’ve taken a lot of software training classes before and never really felt I got ‘my money’s worth,’ but I certainly did yesterday. I’ve already used what I learned to write reports for an audit that will be performed next Monday. What used to take me a few hours in Excel now takes me a few minutes in Sage Fixed Assets Report Writer—I really love it.”

Chris Smolik  
Senior accountant  
The Peltz Group

### Conclusion

Optimized fixed asset management prevents overpayment of property taxes and insurance and reduces the risk of regulatory noncompliance with legislation such as the Sarbanes-Oxley Act. It also maximizes tax savings through accurate depreciation deductions and creates resource efficiencies by saving time for the accounting staff. A properly installed fixed asset inventory system will eliminate the need to purchase redundant assets.

Challenges to control fixed assets include lack of accurate physical asset inventories and inadequate tools and resources to adapt to changing tax laws and methods. Errors in depreciation calculations result when existing systems, including spreadsheets, don't reflect the latest tax regulations, or fail to provide appropriate choices and comparisons between depreciation methods. When systems don't exchange data easily, errors can also occur in the importing and exporting of data from spreadsheets, or in simple typos occurring during the manual rekeying of financial data.

Fixed asset managers can improve on best practices by selecting appropriate software solutions for their organizations. Among the tools to consider for total control of the asset lifecycle are fixed asset accounting software, inventory solutions, custom reporting, and project accounting solutions. In evaluating software solutions, particular attention should be paid to integration between fixed asset applications as well as with other financial solutions such as the general ledger in order to save additional time and eliminate the possibility of data reentry errors.

With the right software solutions in place, fixed asset managers can efficiently track, manage, and report on fixed assets from their assembly or construction (project accounting) through the depreciation over their useful lives (asset accounting) and their ultimate removal from service. Along the way, managers will benefit from better insight (fixed asset reporting) and increased visibility into the location and condition of fixed assets (asset inventory). When these forms of fixed asset management are used together, the result is the more efficient use of the assets currently owned and better planning for the assets you need.

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