

Northwestern | CORE FACILITIES

ReLODE Accounting Procedure

Office for Research ReLODE (Research Loan for Old or Duplicative Equipment)

Summary

The Office of Research Core Facilities Administration sponsors a new loan program to replace old and duplicative work-horse equipment that is difficult to fund using federal sources. Awards are made biannually in conjunction with the OR Equipment Award cycle. Individual core facilities are required to depreciate the equipment and use the offset to repay the loan. Proceeds from the loan payments are used to fund future loans. Funds from the Provost will provide initial seed funding of two million dollars with the potential of additional funding in future years. After seed funding is expended, the program is designed to be self-sustaining as loan payments are used to fund future equipment purchases.

Accounting Procedure

1) Equipment Purchase/Account Setup

- a) The OR Equipment Review Panel reviews loan applications on a biannual basis and makes recommendations for funding. Awardees sign a "Program Agreement" that includes an acknowledgement that annual payments will be pulled according the depreciation schedule, and a specific set of accounting procedures must be followed if the award is accepted by the awardee.
- b) Core Facilities Administration will provide facility managers with the chart string that should be used for the capital equipment purchase order. Please charge the amount of the ReLODE award only on the provided chart string.
- c) First-time ReLODE awardees must establish a new 171-fund chart string to accommodate both depreciation and payback transactions. Please ensure Core Facilities Financial Administrator is notified of account establishment on the chart string request form. The naming convention for the new chart strings is "ReLODE Cap Loan [Facility Name]". **Also note: the chart string must include "ReLODE" as the "Project Purpose"; this is set with a dropdown on the chart string request form.**

2) Modification of Cost Study & Rate Structure

- a) Once the equipment is received and placed into service, the facility must revise their official Cost Study to incorporate the depreciation expense into their rate structure and submit this revision to the Office of Cost Studies for approval. Equipment should be placed into service on either September 1st or March 1st to simplify the accounting procedures. The equipment's depreciation schedule is based on Accounting Service's assessment of the equipment's lifetime, which is usually ten years, but can be shortened. Please work with Accounting Services/Cost Studies/Core Facilities Administration if the equipment useful life should be revised.
- b) Please ensure rates in NUcore reflect the updated Cost Study, with a Price Rule effective date that matches the approval date for the revised Cost Study.

3) Core Facility Capital Depreciation Transfer

- a) Depreciation transfers from the Recharge chart string to the ReLODE Cap Loan chart string must be based upon the service date for the equipment as well as the depreciation schedule established in the approved Cost Study. If equipment enters service exactly

- midway through the fiscal year (March 1st), then half of the depreciation expense for a single year should be transferred in the first fiscal year. The following fiscal year, the full amount of the depreciation must be transferred. Recharge depreciation transfers will be performed with a Journal Upload Spreadsheet using the "Recharge Cost Recovery" Account Code (debit 78782 on the Recharge chart string and credit 78782 on the ReLODE Cap Loan chart string). For the "Journal Purpose" (Row 10 on the Journal Upload Spreadsheet template), please select "Expense to Expense Correction". If you are not authorized to submit Journal Upload Spreadsheets, then please contact Accounting Services to obtain a Journal Mask.
- b) The core facility is responsible for performing the equipment depreciation transfer to their specific ReLODE Cap Loan Chart String.
- 4) Loan Payback**
- a) Subsequently, Core Facilities Administration performs a partial reversal of the original loan transfer, debiting account code 78782 on the ReLODE Cap Loan chart string and crediting account code 78782 on the Central ReLODE Program chart string.
- 5) Steps 3 and 4 are repeated until the depreciation schedule is exhausted, and the loan is repaid.**