



How to Track Depreciation for Existing CFAwin8 Equipment

Things to know about existing CFAwin8 equipment depreciation setup:

- Tracked per vehicle using a **straight line model**.
- Setup: Equipment Table -> Specifications tab -> Depreciation, Fixed Costs, and Replace section.
- Book Value reflects Purchase Price until a period is closed and the Month Depreciation Cost is subtracted.
- Both options assume the Month Depreciation Cost is starting at \$0 for all equipment being updated.
- **Consider a Data Service with CFA if updating a large number of records!**

I. Set Current Depreciation Cost via an Adjusted Purchase Price:

This option catches up depreciation by entering the Original Purchase Price of the equipment adjusted down to one month prior to the current Book Value.

1. Populate depreciation fields
 - i. Purchase Price = **(Original Purchase Price - Current Total Depreciation) - current period's depreciation cost**
 - ii. Purchase Date = Date equipment was purchased
 - iii. Month Depreciation Cost = Period value to decrease from book value
 1. **Initial entry adds immediately to Depreciation Cost Totals.**
 2. **Initial entry deducts immediately from Book Value.**
 3. **Subsequent changes within the same period don't adjust either Depreciation Cost Totals or Book Value until the period is closed.**
 - iv. Salvage Value = Estimated resale value at end of useful life
 - v. Full Depreciation Date = Date for equipment's lowest desired resale value

II. Set Current Depreciation Cost via an Adjusted Month Depreciation Cost:

This option catches up depreciation by entering a onetime Total Current Depreciation value and then changing it to a standard Month Depreciation Cost value.

1. Populate depreciation fields
 - i. Purchase Price = Equipment purchase value
 - ii. Purchase Date = Date equipment was purchased



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- iii. Month Depreciation Cost = **Enter a onetime Total Current Depreciation, save, and THEN immediately replace with Monthly Depreciation value**
 - 1. **Initial entry adds immediately to Depreciation Cost Totals.**
 - 2. **Initial entry deducts immediately from Book Value.**
 - 3. **Subsequent changes within the same period don't adjust either Depreciation Cost Totals or Book Value until the period is closed.**
 - 4. **Life-To-Date and Year-To-Date depreciation costs will indicate the onetime entry while the current period will reflect the replaced monthly cost.**
- iv. Salvage Value = Estimated resale value at end of useful life
- v. Full Depreciation Date = Date for equipment's lowest desired resale value

III. Depreciation Effects:

- 1. Month Depreciation Cost is removed from the book value at period close
 - i. Cost to be provided by one of the following:
 - 1. Customer's finance department
 - 2.
$$\frac{\text{(Purchase Price-Salvage Value)}}{\text{(Total Months of Expected Ownership)}}$$
- 2. Equipment stops depreciating when:
 - i. Book Value < Salvage Value
 - ii. Full Depreciation Date is reached

IV. Standard CFAwin8 Reports with Depreciation Information:

- 1. Equipment Cost Detail [Curr/YTD/LTD]
- 2. Equipment Cost Detail [Curr/YTD/LTD/LY]
- 3. Equipment Cost Summary – Detail
- 4. Equipment Replacement – Detailed Laser/Landscape
- 5. Equipment Replacement Summary