The Alpha Foundation, a not-for-profit private charity, acquired a five-foot-tall Rodin bronze sculpture, “Eve, the Large Version,” for display in the lobby of its national headquarters. This work of art is one of a kind and is protected by a polycarbonate acrylic plexiglass security shield and an artificial atmosphere to prevent exposure to air and moisture that could result in a greenish coating of patina. Alpha purchased the sculpture at a Christie’s auction in London for $18.9 million. The sculpture was conceived in 1881 and cast in 1887 by Auguste Rodin. Alpha requests your accounting firm to provide advice about whether this historical treasure is required to be depreciated.

Answer: Alpha does not need to depreciate the Rodin sculpture. It is a rare historical work of art worth preserving and has an economic benefit that is used up so slowly that the amount related to a particular accounting period would be immaterial. In addition, Alpha has demonstrated the capability of protecting and preserving the sculpture indefinitely. (FASB, 2015, ASC para. 958-360-35-3)

Keywords: Depreciation; historical treasure (or art)

958 Not-for-Profit Entities
    360 Property, Plant, and Equipment
        35 Subsequent Measurement

35-3 Consistent with the accepted practice for land used as a building site, depreciation need not be recognized on an individual work of art or historical treasure whose economic benefit or service potential is used up so slowly that its estimated useful life is extraordinarily long. A work of art or historical treasure shall be deemed to have that characteristic only if verifiable evidence exists demonstrating both of the following characteristics:

a. The asset individually has cultural, aesthetic, or historical value that is worth preserving perpetually.

b. The holder has the technological and financial ability to protect and preserve essentially undiminished the service potential of the asset and is doing that.