Capitalization Policy Summary

Furnishings, equipment and software purchased or donated with a unit cost of $5,000 or more and a useful life of greater than one year is considered a capital expenditure. The amount or basis for capitalizing the furnishing, equipment or software is the cost on the date of acquisition or the fair market or appraised value on the date of a donation of property. All expenditures incurred for the asset to be ready for its intended use are included in the amount capitalized.

Buildings and building improvements are structural additions or alterations, renovations or changes that increase the value or usefulness of the asset, enhance its efficiency or prolong its useful life by greater than one year. In addition, total costs of the addition, alteration or renovation must be greater than $5,000 in order for the costs to be capitalized. Maintenance and renovations costs below the $5,000 threshold are expensed. Repairs and improvements that do not increase the value, usefulness, enhance efficiency or extend the useful life of the asset are expensed.

Library books are capitalized and recorded by the University as long-lived assets. An individual library book is generally below the capitalization threshold.

The University maintains an inventory of works of art comprised of paintings and sculptures. These works of art are not capitalized by the University or recorded in its financial statements.