

Section: **Policy Statement - Fiscal**

Subject: **Asset Capitalization Policy**

Purpose: To provide guidance to the capitalization of Associated Students Equipment, Improvements and Additions, Buildings and Intangible Property purchased with Associated Students funds

Proposed: April 2020

Revised: November 5, 2001

Board Adoption Date: December 11, 2000

I. Policy

It is the policy of the Associated Students Board that the Associated Students maintain accurate records of all capital assets purchased with Associated Students funds and conduct an annual physical inventory count to assure safekeeping of assets.

II. Classification of Assets

A. Equipment

1. Equipment is defined as tangible, non-consumable personal property which meets each of the following four requirements:
 - a. Has a normal useful life of at least one year.
 - b. Is not permanently attached to or incorporated in Associated Students buildings and/or grounds.
 - c. Has a unit acquisition cost of \$2,500. Cost includes the purchase price plus all costs to acquire, install and prepare equipment for intended use.
 - d. Used to conduct Associated Students business.
2. Sensitive property, which is defined as any highly desirable and portable item (e.g., personal computer, equipment, calculators, cameras, etc.), may not meet the minimum cost criteria above, however it will be recorded with capital equipment if purchase price has a value of at least \$1,000.

B. Improvements and Additions other than Buildings

1. Improvements ordinarily do not increase the physical size of the asset; instead they make the asset better than its previous condition. An example of an improvement is a remodeling project. Additions are extensions of existing units.
2. Improvements and Additions will be capitalized when all three of the following requirements are met:
 - a. Have a normal useful life of at least one year.
 - b. Have an acquisition cost of at least \$5,000.
 - c. Used to conduct Associated Students business.

C. Buildings

1. Buildings are structures which provide workplace, storage space, or are used in some other way for Associated Students activities. Capitalized building costs include the purchase price plus all costs incurred to put the building in condition for its intended use.
2. The same requirements must be met as listed for improvements.

D. Intangible Property

1. Intangibles are property which lack physical substance but give valuable right to the owner. Examples of intangible property include patents, copyrights, leases, and electronic data processing software.
2. The cost of intangible property will be capitalized when all three of the following requirements are met:
 - a. Have an expected useful life of at least one year.
 - b. Have an acquisition cost of at least \$5,000.
 - c. Used to conduct Associated Students business.