Purpose: To provide guidance to the capitalization of University Center Equipment, Improvements and Additions, Buildings and Intangible Property.

New/Revised: April 19, 2001/Rev. October 8, 2009

Board Adoption Date: May 2, 2001/October 8, 2009

I. Policy

It is the policy of the Board of Directors that the University Center maintains accurate records of all capital assets and conducts 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 University Center buildings and/or grounds.
   c. Has a unit acquisition cost of $5,000. Cost includes the purchase price plus all costs to acquire, install and prepare equipment for intended use.
   d. Used to conduct University Center business.

2. Sensitive property, which is defined as any highly desirable and portable item (e.g., personal computer, equipment, calculators, Dictaphones, cameras, etc.), may not meet the minimum cost criteria and may be recorded with capital equipment for accountability purposes.

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. Examples of improvements and betterments are roads, curbs and gutters, parking
lots, streets and sidewalks, drainage and lighting systems. 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 $10,000.
c. Used to conduct University Center business.

C. Buildings
   
1. Buildings are structures which provide workplace, storage space, or are used in some other way for University Center 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 University Center business.