

Approved

Elting Memorial Library

Capitalization Policy DRAFT

The purpose of this document is to establish the accounting policy for acquisitions of tangible property to ensure consistent treatment of similar transactions.

The term "Capital Asset" is defined as a unit of tangible property that is purchased for the day-to-day operations of the organization from which an economic benefit will be derived over a period of more than 12 months (useful life), and has a cost that exceeds the capitalization threshold.

This Organization defines the capitalization threshold at \$2,500 per invoice (which includes delivery fees, installation fees, etc.) incurred to bring the asset to the condition or location necessary for its intended use.

All capital assets are recorded at historical cost as of the date acquired. Such assets include, but are not limited to, buildings, capital improvements, office furniture, fixtures, equipment, computers and other related technology or software. Depreciation on these assets is computed by the straight-line method over the estimated useful life of each asset.

Any items costing below the capitalization threshold will be expensed in annual financial statements (books) in the period it is acquired.

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