Capitalization Policy

Definitions

*Capital equipment* is equipment that is: 1) durable (economic useful life greater than one year); and 2) has a cost which equals or exceeds certain thresholds established by ICW in accordance with federal guidelines.

*Expensed equipment* is equipment that is not durable (economic useful life of one year or less) or has a cost below the ICW threshold in accordance with federal guidelines.

Valuation

The valuation of equipment, whether purchased or fabricated, is based on unit cost. Only assets with a unit cost of $3,000 or more and having a useful life of more than one year are capitalized. A group of assets that in total cost $3,000 or more (e.g., 10 chairs costing $300 each) is not capitalized. The life of such assets is generally 5-7 years.

Computers/Software

When initially purchasing a computer system, the following items will be considered as one unit: System unit including disk-drive(s), modems, expanded memory, cables, keyboard, monitor, operating system software, and other peripheral devices purchased as an integral part of the system. The purchase of printers, text scanners, and other similar devices for office systems are typically not considered an integral part of the system.

Software acquisitions costing $3,000 or more per unit and having a useful life of more than one year will be capitalized.

Most assets acquired by ICW will be capitalized over a 5-7 year period.

*Approved by: ICW Board of Directors*
*Date: October 26, 2009*
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