

Controller's Office

Policies & Procedures

Financial Statement Capitalization Threshold

A capital asset is real or personal property with a cost equal to or greater than an established threshold and an estimated useful life extending beyond one year. Florida Atlantic University's capital asset policy for statewide statements is as follows:

Capital Asset Category	Financial Statement Capitalization Threshold
Land and Land Improvements	Capitalize all
Intangible assets	\$5,000
Buildings and Building Improvements	\$5,000
Infrastructure and Infrastructure Improvements	\$5,000
Leasehold Improvements	\$5,000
Property Under Capital Lease	Use the threshold for the appropriate asset category
Construction Work in Progress	Accumulate all costs and capitalize when completed, based on appropriate asset category
Furniture and Equipment	\$5,000
Works of Art and Historical Treasures	Capitalize all unless they meet the definition of a collection or if they have already been capitalized.
Library Resources	\$250
Other Capital Assets	\$5,000

Capital assets are reported at historical cost at the date of acquisition. When the historical cost of a capital asset is not practicably determinable, the estimated historical cost of the asset is determined by appropriate methods and recorded. The cost of a capital asset includes ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition – such as freight and transportation charges, site preparation costs, and professional fees. Donated capital assets are reported at their estimated fair value at the time of acquisition plus ancillary charges, if any. Any improvements made to a capital asset that extends the useful life of the asset beyond one year is capitalized.