


HOWARD GARDNER MULTIPLE INTELLIGENCE CHARTER SCHOOL

	Finance/Business	FB20-0101
	Capitalization	<p>ADOPTED DATE: January 21, 2020</p> <p>REVIEWED DATE:</p> <p>REVISED DATE: January 16, 2024</p>

1. Purpose

This accounting policy establishes the minimum cost (capitalization amount) that shall be used to determine the capital assets that are to be recorded in Howard Gardner Multiple Intelligence Charter School’s annual financial statements.

2. Capital Asset Definition

A “Capital Asset” is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; **and** (2) was acquired or produced for a cost of \$5,000 or more. Capital Assets must be capitalized and depreciated for financial statement purposes.

3. Capitalization thresholds

Howard Gardner Multiple Intelligence Charter School establishes \$5,000 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in Howard Gardner Multiple Intelligence Charter School’s financial statements.

4. Capitalization method and procedure

All Capital Assets are recorded at historical cost as of the date acquired. Tangible Assets costing below the aforementioned threshold amount are recorded as an expense for Howard Gardner Multiple Intelligence Charter School’s annual financial statements. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

5. Recordkeeping

Invoice substantiating an acquisition cost of each unit of property shall be retained for a minimum of seven years.

6. Disposal

All Capital Assets can be disposed once the Asset Disposal form is completed and approved by the CEO. The Capital Asset will be disposed at Fair Market Value.