

Fixed Asset Capitalization Policy

The Providence Creek Academy Charter School, Inc. Board of Directors establishes the following Fixed Asset Capitalization Policy:

DEFINITIONS AND PROVISIONS

For the purpose of this policy, the following definitions shall apply:

"Tangible Assets" - Assets that can be observed by one (1) or more of the physical senses. They may be seen or touched, in some environments heard or smelled.

"Fixed Assets" - Tangible assets of a durable nature, generally with a useful life in excess of one (1) year, which are employed in the operating activities of the School and that, are relatively permanent in nature. They may be termed property, plant, equipment, furniture, or fixed assets. They are usually separated into classes according to the physical characteristics of the items (Example: land, buildings, improvements other than buildings, machinery and equipment, furniture and fixtures).

Some items may be identified as "Controlled Assets" that, although they do not meet all of the fixed asset criteria, are recorded within the fixed asset system to maintain a control of value, number, or location.

"Capital Outlays" - Expenditure which benefit both the current and future fiscal period. This includes the costs of acquiring land and structures; construction or improvements of buildings, structures, or other fixed assets; and equipment purchases having an appreciable and calculable period of usefulness. These are expenditures resulting in the acquisition of or an addition to the School's general fixed assets.

MACHINERY, FURNITURE, AND EQUIPMENT

For the purposes of this policy, machinery and/or equipment is an apparatus, tool, or conglomeration of pieces, to form a tool. Machinery, furniture and equipment are not expendable in nature so as to be consumed. They do not lose their identity through fabrication or incorporation into a different or more complex unit. Machinery, furniture, or equipment will stand alone and will not become a part of a basic building structure and may be moved between or among buildings or rooms to best meet the needs of the School.

Providence Creek Academy Charter School, Inc. will tag items with an individual value equal to or greater than \$200.00. Shipping charges, consultant fees, and any other costs directly related to the acquisition or purchase such as delivery, set-up charges, software operation systems which make the equipment operable as intended may be included and capitalized as a part of the cost. A physical inventory will be accomplished at least once a

year prior to June 30th of each year, all donated item are included in such inventory procedures. All teaching staff will accomplish their own room inventory prior to leaving for the summer break.

Improvements or renovations to existing machinery and new equipment will be capitalized only if the result of the change meets all of the following conditions:

- A. total costs exceed \$15000.00
- B. the useful life is extended two (2) or more years

RECORDING AND ACCOUNTING

Providence Creek Academy Charter School, Inc. shall classify capital expenditures as capital outlays within the fund from which the expenditure was made. For the purposes of recording fixed assets of the School, the valuation of assets shall be based on historical costs, when available or when it can be determined. When the historical cost cannot be determined, the value shall be fixed by estimation based on those assets which are currently in existence. In the event expenditure was made from more than one account, the expenditure shall be classified in the fund from which a majority of the expenditure was made. If the expenditures were equal, the account which would most likely replace the item will be selected.

The School shall record acquisitions of Fixed Assets in accordance with generally accepted accounting principals. An asset register shall be maintained either in hard copy or in a computer format to record the capital assets of the School.

EXCESS/SURPLUS PROPERTY DISPOSAL

All non-consumable Federal or State property of Providence Creek Academy Charter School shall be disposed by contacting the Delaware Surplus Services. Disposal of property shall be recorded by using the attached form.

APPROVED BY THE BOARD OF DIRECTORS JULY 21, 2004

REVISED AUGUST 19, 2004, Revised February 28, 2017