

PIEDMONT COMMUNITY CHARTER SCHOOL, INC.  
CAPITALIZATION POLICY

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 **Piedmont Community Charter School Inc.’s** annual financial statements (or books).

Capital Asset definition

A “Capital Asset” is defined as a unit of property that: (1) has an economic useful life that extends beyond 24 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 (or bookkeeping) purposes.

Capitalization thresholds

**Piedmont Community Charter School, Inc.** establishes \$5,000 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in **Piedmont Community Charter School, Inc.’s** financial statements (or books).

It is the policy of **Piedmont Community Charter School, Inc.** to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities, such as technology, student desks and office furniture, are capitalized and reported as general capital assets. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capitalization method and procedures

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 **Piedmont Community Charter School Inc.’s** annual financial statements. Alternatively, assets with an economic useful life of 24 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

Recordkeeping

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