

Parnassus Preparatory School

CAPITAL ASSETS CAPITALIZATION POLICY

Board Approved 08/08/2023

I. PURPOSE

The purpose of this policy is to ensure proper financial reporting for capital assets. This policy outlines the steps involved in the process of determining which expenditures would be considered to be a capital expenditure that would be considered a capital asset.

II. GENERAL REQUIREMENTS

The School considers any expenditures that are capital in nature, with an initial cost of more than \$5,000 and an estimated useful life in excess of one year, to be a capitalized asset. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Where applicable, assets purchased together and for a common purpose should be grouped and capitalized as one asset. Donated capital assets are recorded at estimated fair market value at the date of donation. 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. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

- Equipment: 5-30 years
- Computers: 5 years
- Leasehold improvements 5-20 years
- Other improvements: 9 years
- Buildings and Improvements: 20-40 years