

11.19 Cash Capitalization

Policy:

It is the policy of Licking/Knox Goodwill Industries, Inc. to capitalize all non-contract, fixed asset purchases and donations with a value of \$5,000 or more that have a useful life greater than twelve (12) months.

Procedure:

1. Items/services purchased or donated that have a useful life of twelve months or more, and either have or add a value of \$5,000 or more to existing assets, will be capitalized and set up as an asset and depreciated or amortized over the useful life. (Refer to Policy 11.22, *Donated Services – Items*)
2. Asset items/services purchased under this threshold amount of \$5,000, regardless of their useful life, will be expensed. Donated items will not be established on the general ledger if valued under \$5,000.
3. Once an “asset” is established and recorded to the general ledger, it must also be entered into the current accounting and inventory software and verified to the general ledger.
4. All adjustments to assets (refunds, returns, discounts, disposals, journal entries, etc.) must be verified and entered into the current accounting and inventory software system as well as the general ledger.
5. A comparison of all assets recorded to the asset manager and the general ledger must be done on a monthly basis to ensure these accounts balance.
6. Certain programs or contractual obligations may cause exceptions to this policy.

EXAMPLES:

- Equipment Computers, cash registers, copiers, typewriters, word processors, fax machines, air conditioners, furnaces, lawn mowers, golf carts, forklifts, and balers.
- Furniture/Fixtures Desks, chairs, file cabinets, tables, lighting fixtures, store fixtures, computer stands, etc.
- Vehicles Cars, trucks, trailers, buses, vans, etc.
- Buildings/Land Owned buildings and real property
- Capital & Leasehold Improvements made to owned and leased property, etc.