VANDERBILT UNIVERSITY
CAPITALIZATION POLICY

EFFECTIVE DATE: NOVEMBER 2014
POLICY STATEMENT
This policy establishes requirements for the capitalization of moveable equipment and real property (includes the acquisition of land, buildings, fixed equipment, and the renovation and improvement of existing real property owned or leased by Vanderbilt) and is applicable to all areas within Vanderbilt University.

CAPITALIZATION THRESHOLDS
I. All moveable equipment having a useful life of more than one year and an acquisition cost of $5,000 or more per unit will be capitalized on a per unit basis. A unit is defined as a piece(s) of equipment that, when assembled, functions as a stand-alone asset, or is an enhancement to an existing asset.

II. All real property (except fixed equipment) acquisitions or improvements having a useful life in excess of one year and a cost of $20,000 or more will be capitalized. The materiality threshold for capitalization of fixed equipment shall be the same as moveable equipment (useful life of more than one year and an acquisition cost of $5,000 or more per unit).

GROUP PURCHASES
A group or lot of moveable equipment that in total costs $5,000 or more, but each unit costs less than $5,000, will not be capitalized. Examples of this type of group purchase include, but are not limited to, one lot of modular furniture or computer workstations where the total cost is $5,000 or more, but the unit cost is less than $5,000.

DEPRECIATION
Vanderbilt University depreciates all buildings and equipment by the straight-line method over their useful lives. Useful life is based on the American Hospital Association’s (AHA) estimated useful life guidelines, but may be adjusted, if in Vanderbilt University’s experience an assets historical life is significantly different from AHA guidelines. Any deviations from AHA estimated useful life guidelines must be approved in writing by the university controller.

RETIREMENT
Assets are retired from the fixed asset system when an asset has been sold, scrapped, traded-in, lost or stolen, or Vanderbilt no longer has title. For real property that has been modified or replaced by a building renovation, the original cost and accumulated depreciation, if separately identifiable, are removed from the fixed asset system.

MOVEABLE EQUIPMENT INVENTORY
Vanderbilt conducts a physical inventory for moveable equipment at least once every two years.
PERPETUAL UPDATES
Asset transfers to other departments, retirements, and/or trade-ins must be communicated in writing, on an on-going basis, to Financial Planning and Capital Reporting using the Property Transmittal Form. The only exception is a location change that does not involve a change in departmental ownership (i.e. moving equipment from one lab or office to another lab or office within the same department). This type of change can be communicated to Financial Planning and Capital Reporting via e-mail.

RESPONSIBILITY
Financial Planning and Capital Reporting is responsible for the depreciation calculation and maintaining the property records in the Fixed Asset System.

Departments are responsible for communicating updates regarding all capital assets to Financial Planning and Capital Reporting in a timely manner and completing physical inventories for their respective areas.

REFERENCE
Procedures for Acquisition, Management, and Disposition of Capital Assets
Property Transmittal Form
American Hospital Association Estimated Useful Lives of Depreciable Hospital Assets