

**I. PURPOSE**

This policy sets a capitalization threshold, outlines the depreciation method, and describes the inventory method for the Athlos Academy of St. Cloud's assets.

**II. DEFINITIONS**

- A. A capitalized asset: Those assets whose purchase price is not expensed at the time of purchase but instead is recorded as an asset on the balance sheet and depreciated based on its useful life

**III. POLICY**

- A. Athlos Academy of St. Cloud will utilize a capitalization threshold of \$5,000. This capitalization threshold applies to all purchases that are individually greater than \$5,000, or projects which in the aggregate have a cost greater than \$5,000, and have a useful life greater than one year.
- B. The school will follow prescribed accounting guidance and work with their external auditors to determine which items qualify as capitalized assets.
- C. The school plans to depreciate all of its capitalized assets using the straight line method of depreciation.
- D. Athlos Academy of St. Cloud will use fixed asset classifications and associated useful lives as outlined in its Finance Manual.
- E. All items that qualify for capitalization will have an inventory tag placed on it.
- F. While the school is required to capitalize items that meet the capitalization threshold, the school may also track inventory amounts that are below the capitalization threshold. While these items will not be capitalized and recorded in the financial statements many of these items may still be critical to the school's operations.
  - 1. The school inventory will be tracked via the School Inventory List document.
  - 2. The school will perform a full inventory (verification of fixed assets and inventory) count on a biennial basis and will update inventory records and schedules at that time.
  - 3. Assets and inventory purchased with federal dollars shall be inventoried and maintained in compliance with federal rules and regulations.