

**University of Florida Foundation, Inc.  
Capitalization**

Policy #: 5.17

Effective Date: September 8, 2007

Responsible Department: Finance and Accounting

**1. PURPOSE**

To ensure proper accounting for UFF capital assets.

**2. APPLICABILITY**

All capital assets owned by UFF.

**3. POLICY**

**General**

A capital asset of UFF is any tangible property, real or personal, having a useful life of one year or more with a cost or fair value as noted in the table below. Those assets meeting the requirements are capitalized and reported in the following categories:

<b>Category</b>	<b>Capital Threshold</b>
Land and buildings held for resale, use, or preserve	All real property is capitalized
Equipment (to include computers and other electronics, furniture, etc.)	\$5,000 or more
Automobiles	\$5,000 or more
Arts, books, manuscripts, artifacts, etc.	All inventoried permanent collections are capitalized
Livestock	All livestock is capitalized
Other Property	\$5,000 or more

All capital assets are recorded at cost, if purchased or constructed, or at fair value on the date of gift, if donated. If the fair value at the date of gift cannot be ascertained but is expected to exceed the capital threshold, the asset will be recorded at \$1 until a valid appraisal or other acceptable valuation is obtained. An asset will be expensed if it meets the capital threshold but ownership of the asset will be transferred to the University.

Depreciation of capital assets is provided on the straight-line method over the estimated useful lives of the assets. Those categories of assets depreciated are as follows:

- Buildings held for use – estimated useful lives range from 5 to 30 years
- Equipment – estimated useful lives of 3 years
- Automobiles – estimated useful lives of 3 years

### **Capitalized Costs**

Costs incurred in acquiring an asset and preparing it for use should be capitalized. In addition to the purchase price, the following should be included in the capitalized cost of the asset:

- Installation costs
- Freight and handling charges
- Insurance on the asset while in transit

### **Leased Assets**

Leased assets should be capitalized by UFF if the lease arrangements meet any one of the requirements of Statement of Financial Accounting Standards No. 13, as follows:

- The lease transfers ownership of the property to the lessee by the end of the lease term
- The lease contains a bargain purchase option
- The lease term is equal to 75 percent or more of the estimated economic life of the leased property
- The present value of the minimum lease payments at the inception of the lease, excluding executory costs such as insurance, maintenance, and taxes, equals at least 90 percent of the fair value of the leased property.

### **Repairs and Maintenance**

Repairs and maintenance will not be capitalized and should be expensed as incurred.

### **Computer Software**


Computer software purchased with a cost of \$5,000 or more and a life greater than one year will be capitalized and depreciated over its useful life.

It is the intent of UFF to limit the capitalization of internally developed computer software. Accordingly, computer software internally developed with a significant cost should be capitalized and will be accounted for according to SOP 98-1 Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. Computer software meeting this requirement will be capitalized and reported under a category entitled Computer Software and will be amortized over an estimated useful life not to exceed five years.

4. **CLARIFICATION**

Requests for clarification of this policy should be sent to [financeandaccounting@uff.ufl.edu](mailto:financeandaccounting@uff.ufl.edu).

Certified as approved by the Executive Committee of the UFF Board of Directors on: September 8, 2007.

  
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Susan G. Goffman, Secretary

Revision history: Original version  
Updated January 3, 2020