

NWF Health Network Policy & Procedure

Series: 1300: Financial Management

Policy Name: Capitalization

Policy Number: 1329

Origination Date: 1/29/2009

Revised: Board Meeting of 4/27/2023

Policy

It is the policy of NWF Health Network, Inc. (NWFHN), to establish and record all assets designated as capital expenditures, capital lease purchases, or expendable supplies and utilize a straight-line method of depreciation for these items. These assets and depreciation will be recorded appropriately in the financial accounting system.

Procedure

- A.** Individual assets with an original cost of Five Thousand Dollars (\$5,000.00) or more and a useful life in excess of one (1) year shall be recorded as a capital expenditure and subsequently recorded as an asset on the balance sheet. A repair or maintenance on a capital asset that is expected to materially extend the life of an asset will be recorded as a capital expenditure and subsequently recorded as an asset on the balance sheet. A depreciation schedule shall be maintained that includes property description, date, cost or other basis, and accumulated depreciation presentation on an annual basis that reconciles with the year-end financial statements.
- B.** Capital lease purchases shall be recorded in accordance with generally accepted accounting principles and amortized over the life of the asset at the date of inception of the lease.
- C.** The straight-line method of depreciation shall be utilized over the useful life of each asset.
- D.** Individual assets acquired with a purchase value of less than Five Thousand Dollars (\$5,000.00) shall be recorded as expendable equipment purchases.
- E.** Retirement, sale, or disposition of capitalized assets shall be recorded according to generally accepted accounting principles with the approval of the Chief Financial Officer or designee. Capital items purchased under contract will be retired, sold or disposed of in accordance with that respective contract.