

MNOHS Capitalization Policy

Adopted: June 2022

Modified: September 2023

Last review: September 2023

1 Purpose

2 The purpose of this policy is to ensure proper financial reporting for capital assets for Minnesota
3 Online High School. This policy outlines the process to determine which expenditures shall be
4 considered a capital asset.

5 Definitions

6 “Capital asset” is any expenditure which is capital in nature with a grouped initial cost of more than
7 \$5000, and an estimated useful life in excess of one year.

8 General Requirement

- 9 1. Purchased or constructed capital assets are recorded at historical cost or estimated historical cost.
10 2. Donated capital assets are recorded at estimated fair market value at the date of donation.
11 3. Where applicable, assets purchased together and for a common purpose should be grouped and
12 capitalized as one asset.
13 4. The cost of normal maintenance and repairs that do not add to the value of the asset or materially
14 extend asset lives are not capitalized.
15 5. Capital assets are depreciated using the straight-line method over its estimated useful life.