

Capitalization

Any piece of movable or tangible equipment which has a value of \$5,000 or greater and a life expectancy greater than a year is recorded on the university's general ledger as a capital asset. The recorded cost is the net invoiced price of the equipment, modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for its intended purpose. In addition, acquisition cost may include ancillary charges, such as taxes, duty, freight, installation and protective in-transit insurance.

Donations to the university by an outside party other than the federal government are recorded as follows:

- Donations from corporations (e.g., Hewlett Packard, IBM) are recorded at a fair market value that is indicated on either the official letter from the corporation, the invoice, or the price list.
- Donations by private individuals are recorded at the fair market value indicated by the appraisal company or a private appraiser.

The recorded cost of equipment that has been *fabricated by a department for use in connection with a grant or contract* is the total sum of its component parts, including the cost of materials, supplies, and fabrication cost.

The recorded cost of *fabricated system equipment*, such as computer systems (e.g., payroll system, student registration, and financial aid system), includes hardware and software development costs, as well as all labor costs.

Depreciation of Equipment

For indirect cost purposes, equipment is classified into six categories with depreciation as indicated:

- Computers – 4 years
- Photocopiers – 10 years
- Scientific equipment – 7 years
- General equipment – 10 years
- Vehicles – 9 years
- Fixed equipment – 10 years

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