

# CAPITAL ASSET POLICY AND GUIDELINES

## POLICY

The Capital Asset Policy affirms a commitment to manage the Presbyterian Church (U.S.A.), A Corporation's resources to permit their most effective and appropriate mission use. The Book of Order provision G-4.0203 confirms that "All property ... is held in trust for the use and benefit of the Presbyterian Church (U.S.A.)".

It is the policy of the Presbyterian Church (U.S.A.), A Corporation (A Corporation) that capital asset acquisitions are properly authorized. Expenditures for tangible assets used actively in mission operations that benefit a period exceeding one fiscal year shall be capitalized. Accurate records shall be maintained for each acquisition and disposal of property, plant and equipment.

## GUIDELINES

### 1. Definition

A capital asset is defined as an asset to which the Presbyterian Church (U.S.A.), A Corporation has title; is used for the ongoing mission; is tangible; has a useful life of longer than one year and has a significant value in excess of \$5,000.

### 2. Capital Asset

#### 2.1 Classification

For acquisition and depreciation purposes the Presbyterian Church (U.S.A.) defines assets utilizing the following classes:

1. *Building*: Buildings and structures (including all necessary expenditures to acquire, construct and prepare a structure for its intended use), elevators, heating and cooling systems and features which are built into or fixed to the land such as sidewalks, parking lots and sewers,
2. *Equipment*: Information Technology servers, mainframes, switches, routers, copiers, automobiles, trucks, printing presses, mail-handling machinery, forklifts, etc.,
3. *Furniture & Fixtures*: Desks, chairs, tables, cabinets, etc.,
4. *Land*: All land owned as evidenced by a deed.
5. *Software*: Computer software, internally-developed software.

#### 2.2 Valuation

The acquisition value of a capital asset will be recorded at cost. The asset cost should include all expenditures necessary to acquire, construct or prepare an asset for its intended use.

The acquisition value of a donated capital asset will be recorded at the appraised or reasonable market value at the time of acquisition.

#### 2.3 Depreciation

Depreciation is to be computed on a straight-line, half-year basis utilizing the estimated useful life ranges for the following asset classes:

**Depreciation life ranges**

- |                         |                |
|-------------------------|----------------|
| 1. Building             | 10 to 50 years |
| 2. Equipment            | 3 to 10 years  |
| 3. Furniture & Fixtures | 10 years       |
| 4. Land                 | not applicable |
| 5. Software             | 3 to 5 years   |

**2.4 Improvements**

Expenditures for major additions, alterations or repairs to an existing capital asset, which extend its useful life may be capitalized.

**2.5 Disposal**

In order to maintain and properly report the assets of the A Corporation, the Administrative Services Group should be notified when a capital asset is no longer in use.

If an asset can no longer be used for mission purposes it will be donated, sold, or disposed of based upon its condition. Property disposal shall be governed by the A Corporation Real Estate policy.

**2.6 Records and Reporting**

Capital asset acquisition and disposal records will be maintained by the Administrative Services Group.

On an annual basis, Administrative Services Group will provide a list of assets to each program area in which a capital asset resides. The program area is required to report any change in the status of the assets for which they are responsible.

**3. Capital Reserve**

The Capital Reserve Fund will be established and used to fund significant capital asset acquisitions and improvements. The Capital Reserve budget is approved by the A Corporation board.

**3.1 Funding**

The Capital Reserve Fund will be funded each year by a contribution from Unrestricted funds. Interest earned by the Capital Reserve Fund and gain or loss on the disposal of a capital asset shall accrue to the Capital Reserve Fund.

*Revisions Approved by the Board of Directors  
of the Presbyterian Church (U.S.A.), A Corporation - May 20, 2021*