

Capitalization Guidelines Detail Matrix Typical Capitalized Expenditures

General Capitalization Guideline: All significant expenditures that are necessary to obtain and prepare the asset for its intended use are generally capitalized. The capitalization guidelines differ for each type of asset

Expenditure Type	CAPITALIZE					Typically Expensed
	Land	Land Improvements	Buildings and Improvements	Fixed Equipment	Movable Equipment	
Capitalization Threshold		>\$25,000	Bldgs. >\$100,000 Imprv >\$25,000	>\$25,000	>\$100,000	
Insurance costs during construction period		X	X	X		
Insurance costs NOT during construction period						X
Interest expense during construction period		X	X	X	X	
Interest expense NOT during construction period						X
Land development fees	X					
Landscaping	X	X				
Legal + consulting fees related to the construction		X	X	X		
Litigation - claims against subcontractor						X
Lost rental revenue						X
Maintenance and repair (e.g., custodial services, fixing a leaky faucet, replacement of minor parts, replacing a worn out rug, repainting, etc.)						X
Maintenance of existing sidewalks, fences, manholes or pavement						X
Materials related directly to construction		X	X	X	X	
Mitigation costs						X
Moving and relocation: moving people, equipment or utilities/infrastructure in or out of building						X
Overhead attributable to the project		X	X	X		
Pavements (new or replacement)		X				
Professional fees directly related to construction		X	X	X		
Redecorating (e.g., repainting or wallpapering, installing wall-to-wall carpeting)						X
Remediation costs such as asbestos removal						X
Renovations - the total or partial upgrading of a facility to higher standard of quality or efficiency than originally existed (e.g., conforming to new code, upgrading old research lab to current lab standards)		X	X	X		
Rent for swing space - rental expense for additional space due to construction displacement						X
Rent credits - reduction in the rent charged to tenants as construction mitigation, typically a reduction in rent revenue						X

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Expenditure	Asset	CAPITALIZE					Typically Expensed
		Land	Land Improvements	Buildings and Improvements	Fixed Equipment	Movable Equipment	
Capitalized	Buildings		>\$25,000	Bldgs. >\$100,000 Imprv >\$25,000	>\$25,000	>\$100,000	

Replacements, repairs, and maintenance of major constituents of an asset that have deteriorated (e.g., insulating, replacing electrical systems; replacing wall, etc.)	Overhaul or replacement of major constituents that have been maintained and requires a major overhaul (e.g., insulating an entire roof; replacing air conditioning systems; replacing a deteriorated wall, etc.)		X	X	X		
Sewer Systems (new or replaced)			X				
Sidewalks (new or replaced)			X				
Soil refinement when contaminated at acquisition		X					
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Special assessments mandated by local government	Special assessments on the property and	X					
Surveys			X	X	X		
Teledata closet (i.e., equipment, etc.)	Teledata closets, data lines, switching equipment, etc.)			X	X		
Teledata equipment						X	
Temporary structures necessary for construction (e.g., staging docks, etc.)			X	X	X		
Test borings (soil, etc.)			X	X	X		

