



3.



#### 8. Capital Cost Valuation

The cost of an asset to be capitalized is equal to the cost necessary in acquiring the asset plus any other costs necessary to make the asset ready for use, such as:

Land – The amount capitalized includes the purchase price, commissions to real estate brokers, escrow fees, legal fees for examining and insuring the title, delinquent taxes paid by the purchaser, and fees for surveying, draining, clearing, grading and landscaping the property. Land is a non-depreciable asset, since it has an unlimited life.

Land improvements – Improvement costs to real estate such as driveways, fences, parking lots, and sprinkler systems have a limited life and are therefore capitalized and subject to depreciation.

Buildings – The amount capitalized includes materials and labor, architectural and legal fees, interest expense and insurance costs during the construction period, and building permits.

Leasehold improvements – Buildings or other improvements constructed on leased property by UEI should be capitalized as Leasehold Improvements and depreciated over the remaining life of the lease or the estimated useful life of the building, whichever is shorter; or over 5 to 10 years depending on the nature of the improvement and the type of lease.

Furniture, fixtures, equipment and automobiles – The amount capitalized is equal to the cost necessary in acquiring the asset plus any expenditures for freight, insurance while in transit, installation, and any other costs necessary to make the asset ready for use.

Intangible assets – The basis of valuation for intangible assets is cost. The capitalization of these assets is justified only when there is good evidence that future earnings will be derived from these assets and only if a direct expenditure has been incurred.

#### 9. Depreciation Method

Annual depreciation expense is based on the straight-line method and is calculated based on the month the asset is put in service or when the building is completed.

Equipment Category	Object Codes	Current # of Years
Automotive Equipment	1531	3-5
Building Remodeling/Improvements	1523,15247.2 (152431.1	

13. Capital assets and “sensitive” equipment under \$5,000 must be tagged and tracked. Sensitive equipment includes but is not limited to: laptops, printers, computers, monitors, digital cameras, digital memory devices, tablets, etc.
14. Any device capable of storing sensitive information may be used only if it has proper identification including asset tag or assigned asset tag number. These assets must be categorized, inventoried and protected throughout their life cycle from origination to destruction.
- 15.