

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	
Alterations – changes in the internal structural arrangement or other physical characteristics of an existing asset so that it may be effectively used for a newly designated purpose (e.g., adding a new wing or offices, changing office space into classroom space, converting three offices into one office, fitting out space for a new tenant, etc.)			X	X	X	
Appraisals	X		X	X		
Architectural services		X	X	X		
Asbestos removal where asbestos was present at acquisition/construction						X
Built-in bookshelves or other built-in furnishings			X	X		
Clearing, grading and filling where site was purchased for the purpose of constructing a building	X	X				
Compensation costs of employees whose services are used in the construction		X	X	X		
Construction supervision fees		X	X	X		
Dedication expenses						X
Demolition/removal of old buildings or structures where building construction was not anticipated at the time of land acquisition	X	X				X
Demolition/removal of old buildings or structures where site was purchased with the <u>intent of constructing a new building</u>	X	X				
Design costs		X	X	X		
Easements or rights-of-way access		X	X	X		
Engineering fees		X	X	X		
Environmental clean up costs, where the asset has been in use for some time						X
Environmental clean up costs, at time of acquisition	X					
Feasibility studies that lead to construction		X	X	X		
Fences (new or replacement)		X				
Fixed (NOT moveable) equipment and furnishings		X	X	X		
General Contractor Fees		X	X	X		
HVAC			X	X		

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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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Replacements, renewals, betterments - overhaul or replacement of major constituent parts that have not been maintained and have deteriorated to the point that now requires a major overhaul (e.g., installing a new floor; resurfacing an entire roof; replacing electrical, plumbing, heating or air conditioning systems; replacing in ground lighting; replacing a deteriorated wall, etc.)		X	X	X		
Sewer Systems (New or replacement)		X				
Sidewalks (new or replacement)		X				
Soil refinement where soil was contaminated at acquisition	X					
Soil refinement where soil was NOT contaminated at acquisition						X
Special assessments directly related to the property and mandated by local governing bodies	X					
Surveys		X	X	X		
Teledata closet (i.e., an area that houses data lines, switching equipment, etc.)			X	X		
Teledata equipment					X	
Temporary structures (e.g., ramps, loading docks, etc.) necessary for construction		X	X	X		
Test borings (soil and land assessments)		X	X	X		
Utility fees during the construction period			X	X		
Utility fees <u>NOT</u> during the construction period						X