Capitalization of Items Over 5K

Is it a purchase of a single item greater than 5K, with a useful life of 1 or more years? (If a prepayment, see below)

No

Go to Capitalization of Items Under 5K.

Yes

Is it an item that will provide useful results upon receipt without the need to make additions/modifications to produce useful results?

Yes

Use object code 6800-6810, 6813-6816.

No

Is it a payment for a piece of equipment or part-of piece of equipment being constructed at Harvard or offsite that is not yet delivering useful results?

Yes

Complete fabrication form and use object code 6811 or 6812.

No

Is it a prepayment or deposit on a piece of equipment to be delivered at a future date?

Yes

Is this being purchased with sponsored funding?

No

Is this being custom built for the PI? If yes use 6811-6812.

Yes

For object code guidance contact Jennifer Edmonds in FAS Finance at 5-0690 or jenniferedmonds@fas.harvard.edu

No

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Capitalization of Items Under 5K

Is it an item that will be used on its own without any other components?

No

Is it an item that is part of a system (i.e., one of several ready-made components used together to obtain useful results) and is
• Necessary to the other components for the system to operate?
• Able to provide useful results right away?

No

Is it a part of piece for equipment being constructed at Harvard or a pre-payment to a vendor constructing a piece of equipment offsite?

No

Is it a part that will be added to a piece of equipment already in service?

No

Use supplies or repairs & maintenance expense coding.

Yes

Use non-capital equipment object codes (6750-6765), or supplies object code.

Yes – use object code 6813 or 6814 for all components even those less than $5K

No – use non-capital equipment (6750-6765), or supplies object codes

No

Will the total exceed $5K?

Yes

• Will this piece increase the useful life of the equipment by at least 1 year? * or
• If this is a repair, will it increase the useful life by at least 2 years? (Must be stated by department on repair invoice) or
• Is this a modification, attachment, accessories or auxiliary apparatus necessary to make equipment useable for its acquired purpose?

Yes - use 6813 – 6814

No – use supplies or repairs & maintenance codes

Yes

• If offsite use object code 6811 or 6812.
• If onsite complete fabrication form and use object code 6811 or 6812.

No – use supplies or use repairs & maintenance codes

No

Use supplies or repairs & maintenance expense coding.

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Costs that may not be capitalized as equipment

- Demolishing or dismantling equipment
- Rearrangement, transfer, or moving of equipment from one University location to another, including the costs incurred in dismantling, transporting, reassembling and reinstalling such items in a new location
- Government furnished property (GFP)
  
  http://osp.fad.harvard.edu/content/equipment-management-policies
- Separate warranty costs of maintenance contracts
- Software, licensing fees, etc.
- Lease or rental costs

Items that cannot be considered part of a piece of equipment:

- Consumables that are not needed to make an item of capital equipment useable for its acquired purpose
- Tools to construct a piece of equipment
- Personal protective equipment—examples include—lab coats, masks, gloves

Other Allowable Costs that can be capitalized:

- Shipping or other delivery charges even if they are not on the original invoice (ex. Federal Express charge)
- Insurance for original purchase while in transit
- Installation expenses
- Equipment costs may also include any modifications, attachments, accessories, or auxiliary apparatus that are necessary to make an item of capital equipment useable for its acquired purpose