

NEW YORK STATE
RESIDENTIAL HEALTH CARE FACILITY
ACCOUNTING AND REPORTING MANUAL

ACCOUNTING PRINCIPLES (Cont'd)

Capitalization Policy

Each nursing home must set a standard policy with respect to the capitalization of its depreciable assets. This policy, excluding minor equipment, must meet the following specifications:

- The minimum capitalization policy must follow the guidelines and amounts required in the Medicare regulations.
- Normal repair and maintenance and modernization to maintain depreciable assets should not be capitalized if the life of the asset is not materially extended.
- Significant alterations and renovations should be capitalized and depreciated over the expected useful lives, which should not exceed the lives of the assets to which they are fixed.

Minor Equipment

Minor equipment includes such items as wastebaskets, bed pans, syringes, catheters, silverware, mops, buckets, etc. The general characteristics of this equipment are: (a) in general, no fixed location, and subject to use by various departments within a nursing home; (b) comparatively small in size and unit cost; (c) subject to inventory control; (d) fairly large quantity in use; and (e) generally, a useful life of approximately three years or less.