

**Coronavirus State Fiscal Recovery Fund
(CSFRF)
Capital Expenditures – Pre-planning Costs
Information Sheet**

Expenditures related to projects that are in the pre-planning stage (those that the organization has not yet committed to or approved to move forward) are not considered a *capital expenditure*. Examples of these costs would be a feasibility study or environmental impact study.

Example:

- An entity is conducting a feasibility study to assess the practicality of constructing a childcare facility in a particular location or if another location is better suited.

Expenditures related to projects that have been approved by the organization and activities that are related to the development and construction of the project, are considered a *capital expenditure*.

Example:

- Using the above example, the governing board voted to move forward with the construction of the childcare facility after the feasibility study was completed. All costs related to the construction project, including development and pre-construction costs (i.e., architecture, permits, site improvements) are considered a capital expense.

The definitions from the Uniform Grant Guidance, 2 CFR [200.1](#) are copied below for reference.

Capital assets means:

(1) Tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

(i) Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and

(ii) Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

(2) For purpose of this part, capital assets do not include intangible right-to-use assets (per GASB) and right-to-use operating lease assets (per FASB). For example, assets capitalized that recognize a lessee's right to control the use of property and/or equipment for a period of time under a lease contract. See also [§ 200.465](#).

Capital expenditures means expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life