

Business Unit Name: _____

ACCOUNTING POLICY REGARDING CAPITALIZATION

1. Purpose

This accounting policy establishes the minimum cost (\$2,500.00) that shall be used to determine the capital assets to be recorded in this unit's books and financial records.

2. Capital Asset Definition and Thresholds

A "capital asset" is a unit of property with a useful life exceeding one year and a per-unit acquisition cost exceeding \$2,500.00. Capital assets will be capitalized and depreciated over their useful lives. This unit will expense the full acquisition cost of tangible personal property below these thresholds in the year purchased.

3. Capitalization Method and Procedure

All Capital Assets are recorded at historical cost as of the date acquired.

Tangible assets costing below the aforementioned threshold amount are recorded as an expense for this unit's financial records and books. In addition, assets with an economic useful life of 12 months or less must be expensed for both book and financial records purposes.

4. Documentation

Invoices substantiating the acquisition cost of each unit of property are to be retained for a minimum of 10 years.

Signed: _____

Date: _____

Title: _____