

Sutney Yuba Homeless Consortium

Capitalization Policy

DRAFT

1. Purpose

This accounting policy establishes the minimum cost (capitalization amount) that shall be used to determine the capital assets that are to be recorded in Sutter Yuba Homeless Consortium's annual financial statements.

2. Capital Asset definition

A "Capital Asset" is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; **and** (2) was acquired or produced for a cost of \$1,000 or more. Capital Assets must be capitalized and depreciated for financial statement or bookkeeping purposes.

3. Capitalization thresholds

Sutter Yuba Homeless Consortium establishes \$1,000 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in Sutter Yuba Homeless Consortium's financial statements.

4. 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 Sutter Yuba Homeless Consortium's annual financial statements. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

5. Recordkeeping

Invoice substantiating an acquisition cost of each unit of property shall be retained for a minimum of four years.