



CAPITALIZATION POLICY

- I. **Effective Date:** January 1, 2020 or starting date of business
- II. **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 our annual financial statements and/or accounting records.
- III. **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 \$2,500 or more. Capital Assets must be capitalized and depreciated for financial statement and/or accounting purposes.
- IV. **Capitalization Thresholds:** We establish \$2,500 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in our financial statements and/or accounting records.
- V. **Capitalization Method & Procedure:** All Capital Assets are recorded at historical cost as of the date acquired. Tangible assets costing below the threshold amount are recorded as an expense in our financial statements and/or accounting records. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for accounting purposes, regardless of acquisition or production cost.
- VI. **Recordkeeping:** Invoice substantiating an acquisition cost of each unit of property shall be retained for a minimum of six years.

Policy Certification:

By signing below, I certify the adoption of this Capitalization Policy according to the terms outlined above. This policy begins with the effective date noted and remains effective in perpetuity as such unless otherwise modified or rescinded.

Name of Officer

Title

Officer's Signature

Company Name