

# **1000 Friends of Florida**

## **Capitalization Policy**

### 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 1000 Friends of Florida's annual financial statements (or books).

### 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

1000 Friends of Florida establishes \$1,000 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in 1000 Friends of Florida's financial statements (or books).

### 4. Capitalization Method and Procedure:

Fixed assets shall be recorded at historical cost as of the date acquired, and depreciated beginning on the date the fixed asset is placed in service.

### 5. Recordkeeping

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

A fixed asset costing less than the threshold stated above shall be recorded as an expense for financial statement and tax purposes. A fixed asset with an economic useful life that is less than 12 months shall be expenses for financial statement and tax purposes, regardless of acquisition or production cost.

Adopted this 4<sup>th</sup> day of September, 2014.

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Tim Jackson, Chairman  
1000 Friends of Florida

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