

Company Name:

## CAPITALIZATION POLICY

### Purpose

This accounting policy establishes the minimum cost that shall be used to determine the capital assets that are to be recorded in the annual books and records.

### 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 exceeding the maximum de minimis safe harbor amount allowed by Internal Revenue Service regulations, currently \$2,500 or more. Capital Assets must be capitalized and depreciated for financial statement purposes.

### Capitalization Thresholds

The Company establishes the amount exceeding the maximum de minimis safe harbor amount allowed by Internal Revenue Service regulations, currently \$2,500, as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in the books and records.

### 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 annual financial statements in the books and records. 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.

### Recordkeeping

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

### Effective Date

This policy is effective as of

This policy was approved by:

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Signature

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Date