



**CommunityCare**  
NORTHUMBERLAND

<b>SECTION:</b>	Financial	<b>POLICY:</b>	Capitalization Threshold
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### **Policy**

A fixed asset is any tangible asset purchased for use in the day-to-day operations of Community Care Northumberland from which an economic benefit will be derived over a period greater than one year. Fixed assets include items of property and equipment such as buildings, vehicles, leasehold improvements, office furniture, fixtures, computers and other related technology equipment. The Board of Directors has established \$3000 as the threshold amount for capitalization.

### **Procedure**

1. Fixed assets with a value exceeding \$3000 and with a useful life of more than 12 months will be capitalized and recorded as an asset when formal financial statements are prepared for the year.
2. Amounts paid for property with an estimated useful life of 12 months or less are expensed in the period acquired.
3. Items which will be capitalized when formal financial statements are prepared, may be temporarily classified to a special “capital outlay” expense account set up for this purpose. Items would then be reclassified to capital assets at year-end close, and depreciation will be recorded for the time periods for which the assets were used.
4. Management will periodically review these levels and make any modifications necessary.