



Fairway Village Homeowners Association

Policy: #202.25

Title: Capitalization

Rescissions of Policy:

This policy rescinds and supersedes all policies/motions approved on this subject prior to 2/12/2025

Purpose:

This accounting policy establishes the minimum cost (capitalization amount) that shall be used to determine the capital assets to be recorded in Fairway Village's books and financial statements.

This policy was adopted as recommended by the firm providing the 2013 audit to bring the Association into compliance with recent IRS regulations regarding tangible property capitalization.

Capital Asset Definition and Thresholds:

A "capital asset" is a unit of property with a useful life exceeding one year and a per unit acquisition cost exceeding \$5000.00. Capital assets will be capitalized and depreciated over their useful lives. Fairway Village will expense the full acquisition cost of tangible personal property below these thresholds in the year purchased.

Capitalization Method And Procedure:

- All capital assets are recorded at historical costs of the date acquired.
- Tangible assets costing below the aforementioned threshold amount are recorded as an expense for Fairway Village's annual financial statements (or books).
- Assets with an economic useful life of 12 months or less must be expensed for both book and financial reporting purposes.

2/12/2025

X John C Castino

John Castino
President

X Rob O'Gorman

Rob O'Gorman
Secretary

Signature: 
John C Castino (Mar 7, 2025 14:23 PST)

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#202.25- Capitalization Policy - Renumbered

Final Audit Report

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