



DUDAS INSPIRATION VENUE for the ARTS

708 East Main Street Richmond, Indiana 47374

Capitalization Policy

Approved September 15, 2019

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 Dudas Inspiration Venue for the Arts' annual financial statements (or books).

2. Capital Asset definition

A "Capital Asset" for the purpose of this Policy 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 \$1,000.00 or more. Capital Assets must be capitalized and depreciated for financial statement (or bookkeeping) purposes.

"Capital Asset" also includes collections of equipment/furnishings which were not acquired individually at the \$1,000 cost but that have been cumulatively acquired at a cost of \$1,000 or more. Examples include: lighting system; sound system.

3. Capitalization thresholds

Dudas Inspiration Venue for the Arts establishes \$1,000.00 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in Dudas Inspiration Venue for the Arts' financial statements (or books).

4. 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 Dudas Inspiration Venue for the Arts' annual financial statements. 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.

5. Recordkeeping

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