



## VHA Policy 2.2 Capitalization

**Authorization:** Bylaws of The Villages Homeowners Advocates, Inc., (The VHA)

**Policy Statement:** It is the policy of The VHA to capitalize and depreciate capital assets in its financial records. All other costs shall be treated as undepreciated expenses.

**Definition:** For the purpose of this policy a “capital asset” shall be defined as

- a unit of property that has an economic *useful life greater than three (3) years*, and
- has been acquired *at or above the amount of three thousand dollars (\$3,000)*.

**Method of Depreciation:** The Straight-Line Method of Depreciation shall be employed with one-half year’s allowance taken in the year of acquisition and one-half year’s allowance taken in the final year.