

CAPITAL PURCHASES & CAPITALIZATION THRESHOLD POLICY

Definition and Threshold:

Capital purchases comprise furniture, fixtures, equipment, software, leasehold improvements, etc. that meet two criteria:

- 1) a useful life of more than one year, and
- 2) cost more than a certain amount.

The Youth On Their Own Board of Directors has established \$ 2,500.00 as the threshold amount for capitalization per item. However, the Finance Committee should be apprised of items which are less than \$2,500 per item but when multiple items are purchased total \$2,500 or more.

Competitive bid:

For purchases in excess of \$1,000, competitive bids (preferably three, minimum two) should be sought when appropriate.

Approval:

Youth On Their Own's Capital Budget is updated each year and should include proposed capital purchases that are anticipated to take place during the year. Those purchases itemized within the approved capital budget are considered approved.

Capital purchases not within the approved capital budget must be specifically approved by the Finance Committee. To seek such approval the Executive Director or Director of Finance must provide the price and rationale for the purchase and assurance of availability of financial resources to support the purchase.

Recordkeeping:

Youth On Their Own shall maintain a list of fixed assets showing the date of the acquisition, its cost, and a schedule for depreciation of the asset. Youth On Their Own shall keep on file documentation for each purchase.

Annual depreciation expense will be included in Youth On Their Own's annual operating budget.

For each purchase, the Director of Finance shall evaluate whether the acquisition will have an impact on insurance coverage, determine if present coverage valuations are adequate, and obtain additional coverage if necessary.

This policy was approved by the Youth On Their Own Board of Directors
on 2/19/15 (date).

B. P. O. 2-19-15
President Date

Mary L. Stewart 2-19-15
Secretary Date