



OPERATING POLICY

POLICY TITLE: CAPITAL EXPENDITURES					
SECTION	FISCAL MANAGEMENT	NUMBER	3.2	DATE	2/18/12
REPLACES POLICY NUMBER: 3.1.1		TITLE: CAPITAL EXPENSE ITEMS			
DATE ADOPTED: 5/20/00					
DATE REVISED:					
CROSS REFERENCES:					
APPROVED:					
GENERAL MANAGER				DATE	
SVRA CHAIRPERSON				DATE	

An expense of the Association that is considered a Capital Expense must meet the following criteria.

- 1) The total expense must exceed \$4,000; and
- 2) The expense is for the purchase of a new capital asset or an investment that improves the useful life of an existing asset (improves it beyond what can be expected with routine repairs and maintenance).

For the purpose of this policy, below are some examples of Capital Expenditures:

1. Purchase of furniture, fixtures, office equipment, motor vehicles, electric motors and other tangible assets.
2. Cost of wages paid and materials purchased for the construction of a building/structure used in the scope of the operating business.
3. Structural improvements or alterations to fixed assets resulting in an increase in their useful life or profit earning capacity.
4. Interest on loan and capital during the construction period.
5. The cost of labor and materials to bring a secondhand asset into working condition.

Capital Expenditures, being those that change the nature of property, extend its useful life, or otherwise improve it **beyond what can be expected with routine repairs and maintenance.**