

It is the policy of **The Foundation of Arts for NE Arkansas, Inc.** to account for fixed assets, as of July 31, 2015, as follows:

Fixed assets: Fixed Assets are capitalized when the following criteria are met:

The asset is tangible or intangible in nature.

The asset is used in the operation of the business.

The asset has a useful life of one year or greater and provides a benefit.

The asset costs for a single item or multiple items of the same type is greater than **\$500**.

The cost of improving the asset is greater than **\$500** and prolongs the life of the asset.

Costs of a fixed assets include invoice costs (purchase price) and any capitalized interest and/or ancillary charges necessary to place asset in use (freight, site costs, professional fees, taxes, etc).

Land is carried on the books at cost (purchase price) plus additional costs to place the land in its intended condition for use. (Commissions, closing fees, title/legal fees, etc). Land is not depreciated.


Ordinary repairs and maintenance costs are expensed.

Depreciation and Asset Classes: Depreciation is straight line based on useful life. The useful life of such items shall be determined by industry standard and practice and by the Internal Revenue Code.

Retirement Policy: Assets are retired when it has been determined that the asset is no longer operable, has been replaced, or is no longer available for use. Determination of retirement is made through analysis of the accounts, no less frequently than annually.

Repair: A repair is an expense that keeps an asset in ordinary efficient operating condition. The cost of the repair does not add to the value or prolong the life of the asset. All repairs are expensed in the period incurred.

This policy was approved as follows:

Kristi Pulliam 
Signature

7-31-2015

Date