____ **(Church Name)**

Depreciation Policy

1. Purpose
   This accounting policy establishes the minimum cost that shall be used to determine the fixed assets that are to be recorded in _____________________ annual financial statements.

2 Fixed Asset definition
   A "Fixed Asset" 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. Fixed Assets must be capitalized and depreciated for financial statement purposes.

3. Capitalization thresholds
   ___________________ establishes $1,000 total cost per item as the threshold amount for minimum capitalization. If the cost of an item is part of an overall renovation project, regardless of the dollar amount, it would be capitalized as part of the project as long as the total renovation is over $1,000. Any items costing below this amount should be expensed in _____________________ financial statements.

4. Maintenance of Fixed Asset List
   A Fixed Asset List shall be maintained by _____________________ and shall be reviewed annually by the Treasurer and Financial Secretary at the end of the fiscal year, to ensure the document is accurate and up to date. The Vestry will review the information annually. The following information will be captured in an Excel workbook for each item on the Fixed Asset List:
   - Assigned asset number
   - Description of the asset
   - Asset Category
   - The date the asset was placed in service
   - The asset's cost or acquisition value
   - The asset's salvage value, if any
   - The asset's estimated useful life
   - Depreciation amount taken each year
   - Remaining asset book value by year (net of depreciation)

5. Useful Life.
   The useful life of an asset is that period during which the asset provides benefits. Estimates of useful life consider factors such as physical wear and tear and technological changes that bear on the economic usefulness of the asset.

6. Depreciation Method
_____________________ has established the straight-line methodology for depreciating all fixed assets. Under the straight-line depreciation method, the basis of the asset is written off evenly over the useful life of the asset. The amount of annual depreciation is determined by dividing an asset's cost reduced by the salvage value, if any, by its estimated life. The total amount depreciated can never exceed the asset's historic cost less salvage value. At the end of the asset's estimated life, the salvage value will remain. Depreciation will be recorded on an annual basis. In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month. (Example: an asset purchased on the 15^{th} day of the fifth month shall have eight full months of depreciation (eight-twelfths of one year) recorded for that year.)

7. Recordkeeping
Invoice substantiating an acquisition cost of each unit of property shall be retained for a minimum of seven years. Invoices and paid bills on capital expenses (Major Building Construction and Alterations) will be transferred to Archives for long-term retention. A filing system will be established for this.

Adopted: ____________________