Fixed Asset Policy

This policy establishes the minimum cost value (capitalization amount) that shall be used to determine the common real and personal property that are to be recorded as assets in Golden Vista's annual financial statements. This policy also addresses other considerations for recording and depreciating fixed assets.

Common Real Property: Common real property falls into two broad categories:

- *Property that is directly associated with the unit.* This category includes common property without which the units could not be occupied and exterior property that is normally part of a freestanding unit. Examples include exterior walls, roofs, public hallways, underlying land, sidewalks, driveways, roads, some parking spaces, and greenbelts.

- *Property that is not directly associated with the unit.* This property includes community resource property that is not necessary for the primary use of the unit, although individual unit owners may benefit from its use. Examples include recreational facilities, such as swimming pools or clubhouses, managers' apartments, properties that are primarily used for commercial operations directed at non-unit owners or at unit owners for which they pay a fee based on usage.

Personal Property: GV should recognize common personal property, such as furnishings, recreational equipment, maintenance equipment, and work vehicles, that is used by the resort in operating, preserving, maintaining, repairing, and replacing common property and providing other services as assets.

Capitalization method: All fixed assets are recorded at the cost to acquire, or if the asset was acquired in a nonmonetary transaction, GV should recognize the property using fair values at the date of its acquisition.

Capitalization thresholds: The Resort established $3,000 as the minimum capitalization threshold for capitalizing fixed assets. Detailed records shall be maintained for all fixed assets above the established threshold.

Other assets: Detailed records are maintained at the discretion of the resort manager for all items below the capitalization thresholds that should be safeguarded from loss. These items are part of the annual physical inventory discussed below. These items include machinery and computer equipment that fall below the established thresholds and any other assets specified by the resort manager.

Depreciation and useful life: The resort manager will assign an estimated useful life to all assets for the purposes of recording depreciation using the following schedule.

Buildings and improvements	15 – 30 years
Furniture/equipment/vehicles	3 – 7 years
Recreational equipment	3 – 7 years
Telephone equipment	15 – 25 years

Asset lives will be adjusted as necessary depending on the present condition and use of the asset and based on how long the asset is expected to meet current service demands. Adjustments should be properly documented. Depreciation is recorded based on the straight line method using actual month convention and depreciated down to the assets salvage value.

Safeguarding and controlling fixed assets: As fixed assets are purchased or disposed of, the department head in custody of that asset is responsible to notify the resort office of the transaction to ensure proper recording. This notification should include a copy of the purchase receipt, if applicable. A physical inventory will be taken annually on or about June 30 and compared to the physical inventory records. The results are forwarded to the resort office where appropriate adjustments will be made to the fixed asset records.

Approved at the GVRV Board of Directors Meeting on November 2, 2010 (see item # 10.1 in minutes)