

**TAHOE DONNER ASSOCIATION  
BOARD OF DIRECTORS  
ADMINISTRATIVE RESOLUTION 2025-##**

**CAPITAL ASSET POLICY**

**WHEREAS**, the Bylaws of Tahoe Donner Association requires that the Association shall keep and maintain adequate and correct accounts of its assets and capital<sup>1</sup>; and,

**WHEREAS**, the Bylaws of the Tahoe Donner Association requires that all Association books shall be maintained in accordance with generally accepted accounting principles<sup>2</sup> (“U.S. GAAP”); and,

**WHEREAS**, the following constitutes the Capital Asset Policy of Tahoe Donner Association (“Association”) and supersedes all previously approved policies and resolutions pertaining to the asset accounts and their maintenance, up to and including Resolution 2015-1;

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Directors of Tahoe Donner Association approves and adopts the following Capital Asset Policy:

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**I. PURPOSE**

The purpose of the Capital Asset Policy is to establish guidelines to ensure that accurate records of Association Capital Assets are maintained in accordance with U.S. GAAP.

**II. CAPITAL ASSET CLASSIFICATION**

*[NOTE: The definitions for “Capital Asset” and other terms have been temporarily relocated to the working glossary.]*

**Capital Asset Account Categories:** Capital Assets shall be classified into one of the following account categories:

- **Land:** This account includes the cost of land itself and the cost of preparing land for its intended uses. Ancillary Costs may include, but are not limited to, search costs, attorney's

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<sup>1</sup> Restated Bylaws of Tahoe Donner Association, Article XI, Section 10.

<sup>2</sup> Restated Bylaws of Tahoe Donner Association, Article XII, Section 4.

fees, liens assumed, taxes assumed, grading costs, and land improvements with an indefinite life.

- **Land Improvements:** This account is used for permanent (non-detachable) improvements that add value to land, which may include, but are not limited to trails and trail infrastructure, fences, retaining walls, and the like. This account is also used for leasehold improvements.
- **Land Held for Resale:** If the major purpose of acquiring and holding a particular piece of land is speculative, then it is appropriately classified in this account. These assets may be maintained on the capital asset system but are not considered a capital asset but rather an investment of the Association.
- **Buildings:** This account is used for costs to acquire or construct buildings, structures and other facilities and costs may include, but are not limited to, the cost of construction or purchase of buildings, attorney's fees, architects' fees, inspection and building permits. All Ancillary Costs incurred, starting from excavation until completion of the building, are considered part of the building costs. Also, anything fixed (non-detachable) to the floor, ceilings, and walls are considered part of the building.
- **Facility Improvements:** This account includes assets that improve a facility that are attached to the facility in a non-moveable fashion.
- **Construction in Progress:** This account is used for capturing amounts expended on uncompleted buildings or other capital projects. When the project is complete, the cumulative costs are then transferred to the appropriate capital asset accounts.
- **Furnishings:** This account includes moveable furniture and other decor assets that have no permanent connection to the structure of a facility.
- **Fixtures:** This account includes assets attached to a facility, but that are not integrated with the facility structure.
- **Equipment:** This account includes operating and office equipment and machinery-which do not fall into any other category listed previously.
- **Machinery:** This account includes operating and office machinery which do not fall into any other category listed previously.
- **Technology:** This account includes operating and office technology which do not fall into any other category listed previously.
- **Intellectual Property:** This account includes any Association intellectual property.

### III. CAPITALIZATION

Capital Improvement costs less expensed Ancillary Capital Costs shall be capitalized consistent with U.S. GAAP.

#### **IV. REPLACEMENT AND RETIREMENT**

If a Capital Improvement is a replacement, a retirement must be made to the items being replaced. This includes both a reduction in historical cost and accumulated depreciation.

#### **V. ACCOUNTING AND FINANCIAL REPORTING**

Capital Assets shall be accounted for at cost or, if the definite cost is not practically determinable, at estimated cost. Capital assets shall be accounted for through the Property Fund. The Association uses the straight-line method of depreciation. Depreciation of Capital Assets shall be recorded in the accounts of the Property Fund.

#### **VI. RISK MANAGEMENT**

The Association shall have a risk management program to ensure that its assets are adequately insured to cover possible losses incurred. The amount of insurance coverage purchased from third parties is based to large extent upon the fixed asset record. Therefore, historical cost must be recorded and replacement cost must be maintained for each asset.

#### **VII. TRANSFERS & DISPOSITION**

Transfers are defined as any movement of an asset by virtue of change in location, whether by account, department, building, floor or room. Disposals are defined as any item sold, traded-in, scrapped, abandoned or in any way removed from service.

The Capital Projects Department, in coordination with the Accounting Department, arranges the disposition or transfer of the fixed asset. Each transfer or disposal shall be recorded with the date, method, and authorization for such disposition.

#### **VIII. RESPONSIBILITIES**

The General Manager shall be responsible for developing and overseeing processes and controls related to asset investment, maintenance, and disposal. This includes ensuring compliance with accounting standards and internal controls. Management will inform the Board of Directors on asset responsibility matters during the annual budget process.

## **IX. APPROVAL**

Approval of the Capital Asset Policy and any changes, amendments, or modifications thereafter, may only be accomplished at a properly noticed meeting of the Board, with reasonable time allowed for member comment.

**ACCEPTED AND DATED: Month ##, 2025**

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