

**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS
ADMINISTRATIVE RESOLUTION 2025-6**

CAPITAL ASSET POLICY

WHEREAS, the Bylaws of Tahoe Donner Association require that the Association keep and maintain adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets¹; and,

WHEREAS, the Bylaws of the Tahoe Donner Association require that all Association books be maintained in accordance with generally accepted accounting principles² (“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 2015-4;

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

**

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. DEFINITIONS

This policy shall be read and interpreted in conjunction with the definitions contained in the Financial Lexicon Policy.

III. CAPITAL ASSET CLASSIFICATION

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

- **Land:** Non-depreciable land and the preparation of such land for its intended uses.

¹ Restated Bylaws of Tahoe Donner Association, Article XI, Section 10.

² Restated Bylaws of Tahoe Donner Association, Article XII, Section 4.

- **Land Improvements:** Capital Improvements to land, including without limitation, trails and trails infrastructure, fences, bridges, culverts and drainages, retaining walls, roads and firebreaks and other wildfire prevention and protection infrastructure.
- **Buildings and Facilities:** Buildings, structures and other facilities. Anything fixed (non-detachable) to the floor, ceilings, and walls is considered part of the building.
- **Building and Facility Improvements:** Capital Improvements to buildings, structures and other facilities.
- **Leasehold Improvements:** Leasehold Capital Improvements that are depreciable over the life of the lease.
- **Construction in Progress:** Construction in progress on uncompleted buildings, structures and other facilities. When construction is complete, the cumulative costs are then transferred to the appropriate Capital Asset account category.
- **Furnishings & Fixtures:**
 - Moveable furniture and other decor Capital Assets that have no permanent connection to the structure of a facility.
 - Capital Assets attached to a facility that support functionality, but that are not integral to the facility core structure.
- **Vehicles:** All fleet and heavy vehicles.
- **Equipment & Machinery:** Operating and office equipment and machinery.
- **Technology:** Operating and office technology.
- **Intellectual Property:** Any Association intellectual property.

IV. CAPITALIZATION

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

V. ANCILLARY CAPITAL COSTS

Ancillary Capital Costs shall be capitalized unless staff determines on a case by case basis that particular Ancillary Capital Costs are more appropriately expensed. Ancillary Capital Costs that are not capitalized shall be expensed to the appropriate Capital Reserve.

VI. PROPERTY HELD FOR SALE

Property meeting U.S. GAAP criteria for property held for sale shall be inventoried for accounting purposes, but not recognized as a Capital Asset.

VII. 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.

VIII. 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 Holdings Record. The Association uses the straight-line method of depreciation. Depreciation of Capital Assets shall be recorded in the Property Holdings Record.

IX. RISK MANAGEMENT

The Association shall have a progressive risk management program to ensure risks and impacts are identified, assessed, mitigated, and insured for Capital Assets and investments.

X. TRANSFERS & DISPOSALS

Transfers are defined as any movement of a Capital 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 disposal or transfer of Capital Assets. Interdepartmental transfers or disposals shall be recorded with the date, method, and authorization.

XI. RESPONSIBILITIES

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

XII. 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: June 27, 2025