

ARRANMORE HOMEOWNERS ASSOCIATION
Resolution of the Board of Directors
CAPITALIZATION OF ASSETS

WHEREAS, the board has previously passed a motion to capitalize assets in its May, 2009 meeting, and

WHEREAS, the Management Letter from Schwindt & Co, the CPA firm that issued a review statement for Arranmore Homeowners Association (the **Association**) for the year ended December 31, 2012, advised the Arranmore Homeowners Association board of directors that it should adopt a formal capitalization policy,

NOW, THEREFORE IT IS RESOLVED, that a policy having the same meaning as or having a similar meaning as the following be adopted and included in the financial statements of this Association:

“A capital expenditure is defined as one that has a \$2,000 minimum value and an expected useful life of at least 3 years, excluding expenditures that can be reasonably made from the operating fund budget. This includes ordinary repairs made to maintain assets in proper operating condition. Preventive maintenance, normal periodic repairs, replacement of parts, and other activities such as tree trimming, cleaning, or interior repainting that are needed to maintain the asset so that it continues to provide normal service or appearance are charged as operating expenses.

Major repairs are relatively large expenditures (\$2,000 or more) that materially extend the useful life of an asset, or improve its efficiency or appearance. These expenditures are considered an addition, improvement, or replacement and capitalized.”

AND BE IT FURTHER RESOLVED, that the responsibility for the interpretation of this policy shall be that of the Finance Committee.

AND BE IT FURTHER RESOLVED, that with the passage of time and with changes in applicable facts and circumstances, the capitalization amount may be changed as is reasonably and appropriately approved by the board of directors from the amount of \$2,000 to a different amount.

ATTESTED TO BY

President of Arranmore Homeowners Association

Secretary of Arranmore Homeowners Association

At a meeting of the Board of Directors on _____, 2013