

To: [Executive Board / Finance Committee / Department Head]

From: [Your Name/Title]

Date: [Current Date]

Subject: Recommendation for Update to Capitalization Policy

Dear [Recipient Name],

I am writing to formally recommend an update to the organization's capitalization policy. Based on a recent review of our financial procedures and current economic standards, it is necessary to adjust our threshold for capitalizing fixed assets.

Current Policy: [Insert Current Threshold, e.g., \$1,000]

Proposed Policy: [Insert Proposed Threshold, e.g., \$5,000]

The primary reasons for this recommendation include:

- **Administrative Efficiency:** Increasing the threshold will reduce the volume of low-value assets tracked in the fixed asset ledger, streamlining the accounting process.
- **Materiality:** The proposed limit better aligns with the organization's current budget size and ensures that only significant investments are depreciated over time.
- **Alignment with Best Practices:** This update reflects current industry standards and provides more accurate financial reporting.

This change would apply to all assets purchased on or after [Effective Date]. Assets purchased prior to this date will continue to be depreciated under the existing schedule.

I have attached a draft of the revised policy for your review. I am available to discuss the financial impact of this update at your earliest convenience.

Sincerely,

[Your Signature]

[Your Printed Name]

[Your Title]