

F07.0 CAPITAL ASSETS AND CAPITALIZATION

SCOPE

All capital assets acquired and currently held by the *Society*.

POLICY

On an annual basis the Finance Committee and the external auditor will review and amend the *Society's* policy on capitalization as necessary. If applicable, the basis of the policy shall be included in the *Society's* year-end notes to the audited financial statements.

PROCEDURE

Capital assets can be either tangible or intangible² properties. To be considered a capital asset all of the following criteria must be met:

- (a) the asset must be held for either use in the provision of service, for administrative purposes, for production of goods or for the maintenance, repair, development or construction of other capital assets
- (b) the asset must have been acquired, constructed or developed with the intent of being used on a continuing basis
- (c) the intent is not to sell the asset in the ordinary course of operations
- (d) the asset is not held as part of a collection (see CPA Canada handbook - Section 4441).

The cost of the capital asset to be recorded in the accounts of the *Society* shall include the amount of consideration given up to acquire, construct, develop, or better an existing capital asset. Moving costs, installation costs and the cost to bring the condition of the asset to the level necessary for its intended use shall also be considered part of the capital cost.

The *Society* shall maintain complete and separate accounts for each significant and meaningful capital asset category. At the minimum the following categories shall be required:

- (a) Land Improvements
- (b) Buildings
- (c) Furniture and Equipment

² Intangible properties are assets that lack physical substance and include such things as copyrights, patents and software.