

Capitalization

Purpose To ensure ASC has a clearly defined threshold for determining capital assets. Capital assets are tangible items that have a useful life extending for a period beyond one year.

Policy Statement ASC will record capital assets at cost. Cost includes:

- the purchase price,
- installation costs,
- design fees,
- engineering fees,
- legal fees,
- survey costs,
- site preparation costs,
- freight charges, and
- transportation insurance costs and duties.

Cost meeting the above definitions will be capitalized at a threshold of \$5,000. Any amounts below that will be expensed in the period in which the costs occur.

Donations of items that meet the threshold will be recorded at the appraised value.

Declining balance is defined as taking the identified percentage off of the remaining balance each fiscal year, resulting in a different dollar amount each time. For example, a vehicle purchased for \$10,000 will have a 15% amortization (depreciation) or \$1,500 the first year so the remaining balance is \$8,500. The second year, 30% of the remaining balance of \$8,500 or \$2,550 is amortized (depreciated).

Straight line is defined as amortizing the same amount over the number of years identified. For example, renovations of \$20,000 are made to an office rented in another community. The total cost is divided by the number of years identified (\$20,000 divided by 5 years) and this amount is amortized in each corresponding year (\$4,000 for each of the 5 years).

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Capital assets will therefore be amortized as follows:

<i>Land</i>	<i>0% (there is no depreciation on land)</i>
<i>Building</i>	<i>2% in the year of purchase and 4% declining balance</i>
<i>Equipment</i>	<i>10% in the year of purchase and 20% declining balance</i>
<i>Automotive Equipment</i>	<i>15% in the year of purchase and 30% declining balance</i>
<i>Computer Equipment</i>	<i>15% in the year of purchase and 30% declining balance</i>
<i>Computer Software</i>	<i>50% in the year of purchase and 100% declining balance</i>
<i>Parking Lot</i>	<i>4% in the year of purchase and 8% declining balance</i>
<i>Leasehold Improvements</i>	<i>5 years straight line</i>

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