F1-11 CAPITAL ASSETS

SCOPE

This policy applies to all property whether tangible (i.e. land, buildings and equipment) or intangible, which is either donated or purchased and which qualify as capital assets.

POLICY

A Capital Asset is recognized in the balance sheet when it is probable that the future economic benefits will flow to the Foundation and the asset has a cost that can be measured reliably. Items under $500 are expensed.

Equipment is recorded at cost, less accumulated amortization.

Amortization is provided using the straight-line method over the following periods:

- Leasehold improvements 10 years
- Computers 3 years
- Software 2 years
- Furniture and equipment 5 years

Equipment purchased under capital lease is amortized over the term of the lease.

Website development costs will be expensed as incurred.

Deferred Capital Contributions

When a restricted contribution is received for the purpose of acquiring a capital asset, the contribution is deferred on the balance sheet as a deferred liability until such a time as it is "earned." A deferred capital contribution is "earned" on the same basis as the asset acquired with the contribution is amortized, resulting in a matching of revenues and expenses and there is no net impact on the bottom line.

PROCEDURE

All staff have an obligation to ensure that capital assets are managed efficiently and that decisions regarding the acquisition of new assets and the sale and maintenance of capital assets are undertaken in an open and transparent fashion.

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A Capital Asset Continuity Schedule is maintained. All assets are itemized on the schedule, including the date of acquisition and the cost. The continuity schedule includes details of all new additions, disposals and write-offs, as well as the calculation of amortization. It also includes details of any deferred capital contributions and the corresponding calculation of income to be earned in the year.

On a quarterly basis, the continuity schedule is reconciled to the balance sheet and income statement accounts to ensure that additions, disposals, amortization and deferred contributions are accurately recorded throughout the year.