

Speech and Hearing BC Policy Statement and Procedures

V.5

AREA: Finance

SUBJECT: Capitalization of Assets

POLICY:

The Association will record Capital Assets so that the cost of the asset can be amortized over the asset's expected life to recognize the fact that the asset, although paid for in one year, will benefit or be of use to the Association for several years.

To be considered for capitalization the asset will have a life expectancy greater than one year and a dollar value in excess of \$500.00.

PROCEDURE:

- The Bookkeeper will maintain a log of all capitalized assets.
- The Treasurer and Bookkeeper will provide the accountant with details of capitalized assets for their use in the preparation of financial statements.
- The amortization of capital assets will be calculated on the declining balance basis as set by the Canada Revenue Agency in the Income Tax Act and Regulations.