

# Capital Asset Management Policy

**Category:** Finance

**Approval:** AVP, Finance

**Responsibility:** Finance Services

**Date:** May 2020; revised March 22, 2021

## Definitions:

**Capital Asset** – procured item valued at a single amount greater than \$5,000 (before taxes) and with a life expectancy of more than one year. This definition is applicable whether the purchase is funded by operating, ancillary, capital, trust or research funds. Any reference to the term “asset” herein refers to capital asset.

**Research Assets** - research assets are University property. Research assets remain in the control of the Researcher until the research is completed, after which assets become available to the University for other research-related projects.

**Account Holder** - The department who has custody of an asset, under the leadership of the department head or Dean.

**Asset Management** – coordinated activities to realize the optimal value of the asset throughout its useful life cycle.

**Asset Status** – state of asset in its life cycle.

**Restricted Assets** – assets purchased with funding received by the University specifically for purchasing the asset.

**Unrestricted Assets** – assets purchased with general University funds.

**Amortization** – process of expensing the cost of a capital asset each year over its useful life for financial statement purposes.

## Purpose/Reason for Policy:

The University has an obligation to ensure its assets are tracked and managed responsibly. University assets are to be maintained in compliance with applicable legislation and accounting standards.

## Scope of this Policy:

This Policy applies to all capital assets belonging to the University.

## Policy Statement:

The Account Holder is responsible for the control and safekeeping of the asset and will provide Financial Services verification of the asset status as requested (at least annually) for audit, insurance or reporting purposes.

Financial Services shall maintain a centrally controlled database of the University's assets. Asset acquisitions will be recorded by asset category and identified as being restricted or unrestricted.

Assets are capitalized in the year of acquisition and amortized on a straight-line basis over the useful life of the asset. Assets will be considered in use at the time of receipt or substantial completion of construction projects. If an asset will not be in use at time of receipt (i.e. due to installation delay), the Account Holder will advise Finance when the asset enters service. Amortization begins when the capital asset enters service.

Amortization rates are as follows:

<b>Asset Category</b>	<b>Estimated Useful Life</b>
Land and site improvements	no amortization
Collections	no amortization
Computer equipment	5 years
System software	5 years
Non-computer equipment	10 years
Library books and serials	5 years
Vehicles	5 years
Building shell	40 years
Roofing	25 years
Interior construction	15 years
Building service system	25 years
Site work and utilities	40 years

Assets will be disposed of in accordance with the Disposal of Assets Procedure. In the period of asset disposal, no amortization is taken.

Asset value will include freight, installation, customs, HST net of rebates, warranty and other direct costs required to set up the asset for its intended use. Training and maintenance costs are excluded from the asset value. For Canada Foundation for Innovation (CFI) discounts offered as in-kind contributions that reduce the cost paid for the capital asset, the asset is recorded at its net selling price that is inclusive of any in-kind contributions.

Collections as defined in the Art Collection Policy and Special Collections Policy include works of art and rare library items. Collections are recorded at a nominal value in the financial statements. Purchased collections are expensed in the year they are acquired. Donated collections are recorded as revenue at values based on appraisals by independent appraisers and are expensed in the year received.

Donated assets are to be reported to the Finance Department by the recipient and will be recorded at the fair market value on the date of donation. Donated assets, excluding collections, are identified as restricted assets.

Contact Officer:

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Date for Next Review:

May 2025

#### Related Policies, Procedures & Guidelines:

- a) Disposal of Capital Assets Procedure
- b) Procurement of Goods and Services Policy
- c) Art Collection Policy
- d) Special Collections Policy