cpata cabamc

COLLEGE OF PATENT AGENTS & TRADEMARK AGENTS

COLLÈGE DES AGENTS DE BREVETS ET DES AGENTS DE MARQUES DE COMMERCE

Financial Policies

Financial Policies			
NAME OF POLICY	Financial Policy No. 7 - Capital Assets Policy		
APPLICABLE SECTIONS OF THE ACT, BY-LAWS AND REGULATIONS and/or PURPOSE	Ensuring Effective Stewardship of CPATA Assets		
RESPONSIBILITY			
APPROVED BY	EFFECTIVE	REVIEWED	REVISED
Chief Executive Officer	2021-12-01	Date	Date

Rationale

The purpose of this Policy is to:

- define and outline CPATA's capital assets policy.
- identify, safeguard, track and record the acquisition, disposal and depreciation of capital assets so the useful life of the asset is maximized.
- define guidelines to capitalize purchases of furniture and fixtures, computer equipment, software and office equipment.

Risks

Potential risks include erroneous recording of purchases such as capital assets or operating expenses or assets disposed of without proper tracking and accounting.

Capital Assets Vs. Expenses

- A capital asset is defined as a non-consumable, tangible item, valued at a single amount of $500 or greater which has a minimum useful life of 3 years. The expenditure enhances the service of the asset or extends its useful life.

- Tangible items valued at single amounts less that $500 will normally be classified as operating expenses. Exceptions will be determined by the Chief Executive Officer (CEO) and/or the Chief Financial Officer (Outsourced CFO).
- The capitalized cost of an asset includes the purchase price, related freight, installation costs, custom charges, rebates, and other direct costs of getting the asset into the condition necessary for its intended use.
- With equipment, components which individually cost less than the capitalization level but when combined exceed the threshold shall be capitalized when purchased as a unit.
- Main categories for capital assets are computer software, computer equipment, furniture & fixtures and office equipment.
- Expenditures for the above items at an amount of $500 or greater are capitalized.
- Expenditures less than the $500 threshold for the above items will be treated as regular operating expenses.
- Costs incurred to enhance service potential of a capital asset may be considered an improvement and may be capitalized provided it meets the threshold level of $500 or greater. The determination is to be made by the CEO and/or CFO.
- Costs incurred to keep capital assets in normal operating condition that don't extend the original useful life of the asset or increase the asset's future service potential are not capitalized. These costs are expensed as repairs and maintenance.

Grants and Cash Donations

- Grants and cash donations received to help fund capital assets do not reduce the cost of the assets.
- Amounts received will be recorded as deferred capital contributions equal to the asset's purchase price and amortized into revenue on the same basis as the asset to which it relates. CPATA provides T4 slips (statements of income) to employees and corresponding reports to the CRA by February 28 for the previous calendar year. The CFO ensures that these reports are accurate and timely.

Stolen, Missing or Damaged Assets

- Any capital assets identified as stolen, missing or damaged must be reported immediately to the CEO and/or CFO, who will advise that, if not recovered, they can be written off and removed from the capital assets record system.

Trade-Ins

- In situations where the purchase of a new asset permits the trade-in of an existing asset, both the actual value of the new asset and the trade-in value of the old asset must be obtained.
- All information must be provided to the CEO and/or CFO and they are responsible for deciding whether it is feasible to trade-in an existing asset.

Disposal of Capital Assets

- Disposal of all capital assets must be approved by the CFO who will also determine the method of disposal.
- All disposals of capital assets must be recorded in writing so disposals can be tracked and recorded.

Disposal of Capital Assets

- In the year of acquisition, a half-year of depreciation is taken on all capital assets.
- Depreciation on all capital assets is recorded monthly and is adjusted for any acquisitions/disposals.
- Calculation of depreciation on capital assets:
    - Computer Equipment - 30% Diminishing balance
    - Computer Software - 30% Diminishing balance
    - Office Equipment - 20% Diminishing balance
    - Furniture & Fixtures - 20% Diminishing balance