

Ringette Association of Saskatchewan (RAS) Policy for Property, Plant and Equipment

PURPOSE:

To provide direction and guidance on policy related to the purchase, capitalization, depreciation and disposal of property, plant, and equipment.

If the average of annual revenues recognized in the statement of operations for the current and preceding period of the organization and any entity it controls is less than \$500,000, the organization can waive this capitalization policy and expense all asset purchases.

POLICY:

Definition

- A capital asset is a piece of property that meets all the following requirements:
 1. The asset is tangible and complete.
 2. The asset is used in the operation of the organization's activities.
 3. The asset has a useful life of longer than the current fiscal year.
 4. The asset is of significant value. (i.e. >\$1,000.00)

Purchase Authorization of Assets

- All property, plant and equipment purchases will be authorized using purchase order requisition forms.
- All purchase order requisition forms will be authorized by the Executive Director.
- Purchases made over \$5,000 will require the approval of the RAS Board.
- Property, plant and equipment may be acquired through purchase, donation or may be self-constructed.

Capitalization of Assets

- The following significant values will be used to determine capitalization of assets for different classes:

<u>Class of Property, Plant and Equipment</u>	<u>Significant Value</u>
Buildings & Building Improvements	<u>\$10,000</u>
Furniture and Equipment	<u>\$1,000</u>
Computer Equipment	<u>\$1,000</u>
Computer Software	<u>\$1,000</u>
Land	<u>Any amount</u>

Depreciation of Assets

- The straight-line method of depreciation should be utilized to depreciate property, plant and equipment, except for land, over the estimated useful lives of the related assets principally as follows:

<u>Class of Property, Plant and Equipment</u>	<u>Estimated Useful Life</u>
Buildings & Building Improvements	<u>10 years</u>
Furniture and Equipment	<u>5 years</u>
Computer Equipment	<u>3 years</u>
Computer Software	<u>3 years</u>

- Depreciation will be calculated utilizing the "Half-Year Rule." One-half of a full year's depreciation is allowed for the asset in its first year placed in service, regardless of when it was actually placed in service during that year.

Disposition of Assets

- When property, plant and equipment are sold or otherwise disposed of such as being recycled or thrown away, the cost of the asset and the associated accumulated depreciation are removed from the property, plant and equipment continuity listing and general ledger.
- Assets will be removed on an annual basis in conjunction with the annual update.
- The appropriate depreciation will be taken for the year of disposal.

Assets <\$1,000.00

- Assets that are purchased with a value of <\$1,000.00 will not be capitalized. These assets will be expensed when incurred.