



# CAPITALIZATION POLICY

## Capital

*Capital expenditure* means the cost of the asset including the cost to put it in place. Capital expenditure for equipment means the net invoice price of the equipment, including the cost of transportation, or of any modifications or attachments necessary to make it useable for the purpose for which it was acquired.

Note that expenditures needed to maintain equipment in a proper operating condition or to restore equipment to a proper operating condition are expensed.

## Office Furniture and Equipment

Office furniture and equipment costing \$2,000 or more and having a useful life of more than one year will be capitalized and amortized over five years. Equipment which has an acquisition cost of less than \$2,000 or a useful life of less than one year, will be expensed.

## Computer Hardware and Software

Computer hardware costing \$2,000 or more will be capitalized and amortized over three years. Computer software will be expensed unless it has a cost of \$2,000 or more, then it will be capitalized and amortized over three years or the term of the lease.

## Leasehold Improvements

Leasehold Improvements costing \$2,000 or more will be capitalized and amortized over the term of the lease.

This policy will be reviewed by the Audit and Finance Committee at least every three years.