

| <b>Tangible Capital Asset and Purchased Intangible Asset Accounting Policy</b> |   |                       |                |
|--|---|-----------------------|----------------|
| <b>Policy Sponsor</b>  | Vice President Finance and Performance Services & Chief Financial Officer | <b>Category</b>       | Administrative |
| <b>Policy Contact</b>  | Director, Financial Reporting and Operational Services                    | <b>Effective Date</b> | March 24, 2021 |
| <b>Approved By</b>   | Executive Team  | <b>Review Date</b>    | March 24, 2026 |
| <b>Approved Date</b>   | March 24, 2021  |                       |                |

### 1. Purpose

This policy sets out the principles guiding the basis of accounting for Tangible Capital Assets and Purchased Intangible Assets at Athabasca University. It along with associated procedures are established to confirm that Athabasca University adopts Public Sector Accounting Standards (PSAS) in accounting for Tangible Capital Assets and Purchased Intangible Assets and in reporting these assets for financial accounting purposes. It establishes financial reporting guidelines and appropriate control thresholds for the capitalization, amortization, disposition, and controls for inventory management of Tangible Capital Assets and Purchased Intangible Assets.

### 2. Scope

All members of the University Community who purchase, lease, receive in kind, or who internally develop Tangible Capital Assets and Purchased Intangible Assets are subject to this policy and its related procedures.

This policy does not apply to the following:

- Intangible assets acquired through a transfer, contribution, or inter-entity transaction;
- Intangible assets such as goodwill, patents and copyrights (e.g. cannot be seen, touched or physically measured) that do not meet the definition of Purchased Intangible Assets;
- Inventory held for resale that are recognized as financial assets;
- Natural resources; and
- Collections.

**3. Definitions**

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| <b>Acquisition</b>                      | The act of acquiring or obtaining a Tangible Capital Asset or Purchased Intangible Asset.   |
| <b>Amortization</b>                     | The process of allocating the cost of an asset to the periods of benefit, over its useful life in a systematic manner.  |
| <b>Bulk Purchase</b>                    | The acquisition of similar Tangible Capital Assets or Purchased Intangible Assets that have a unit value below the capitalization threshold for each individual unit (on their own) but have a minimum value of \$25,000 as a group.  |
| <b>Capitalize/<br/>Capitalization</b>   | Recording the cost as a capital asset (to be amortized over several accounting periods) instead of an expense (charged against revenue in one accounting period).   |
| <b>Collections</b>                      | Works of art, cultural and historical properties, and archival materials held for public exhibition, education or research; and are protected, cared for and preserved.   |
| <b>Composite Tangible Capital Asset</b> | Comprised of several pieces/parts that are purchased jointly or separately, function together, and are collectively valued over the threshold amount for capitalization, including those purchased in relation to digital initiatives.  |
| <b>Disposition</b>                      | The act of disposing (i.e. removal from service) of a Tangible Capital Asset or Purchased Intangible Asset.   |
| <b>Purchased Intangible Asset</b>       | <p>An identifiably non-monetary economic resource which is without physical substance, acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act.</p> <p>Intangible assets acquired through a transfer, contribution, or inter-entity transaction, are not Purchased Intangible Assets.</p> <p>Software is not included as it is accounted for as a Tangible Capital Asset in accordance with Public Sector Accounting Standards.</p> |

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| <b>Tangible Capital Asset</b> | <p>A non-financial asset having a physical substance (e.g. that can be seen, touched or measured) that meets the following criteria:</p> <ul style="list-style-type: none"> <li>• Is held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance, or repair of other tangible capital assets;</li> <li>• has value or useful economic life recognized over more than one fiscal year;</li> <li>• is to be used on a continuing basis; and,</li> <li>• has a cost exceeding the prescribed threshold amount.</li> </ul> <p>They may be acquired directly by the University, donated (contributed) to the University, or produced as a result of a building project or part of a Digital Initiative. Tangible Capital Assets include such items as land, building, equipment, furniture, computer hardware and software, and vehicles.</p> <p>They do not include such items as inventories held for consumption or resale; intangible assets like goodwill, patents and copyrights; assets acquired by right such as forests, water and mineral resources; collections; or assets below the threshold amount.</p> <p>In order to capitalize an asset, the determination as to whether an asset exists must be made in accordance with the criteria and guidance set out in the Procedures to this Policy. These must be considered for every identified asset.</p> |
| <b>Threshold Amount</b>       | <p>The minimum total cost (internal and external resources) that an individual Tangible Capital Asset, Composite Tangible Capital Asset, Bulk Purchase, Purchased Intangible Asset, or capital project must have before it is recorded as an asset in the financial records.</p>  |
| <b>University</b>             | <p>Athabasca University</p>   |
| <b>University Community</b>   | <p>All faculty and staff, students, Board Members, contractors, postdoctoral fellows, volunteers, visitors and other individuals who work, study, conduct research or otherwise carry on business of the University.</p>  |

#### 4. Guiding Principles

- 4.1 The accounting for Tangible Capital Assets and Purchased Intangible Assets will be in accordance with Public Sector Accounting Standards (PSAS) and the application of the Chartered Professional Accountants of Canada (CPA) Handbook.

**4.2** The recognition of Tangible Capital Assets and Purchased Intangible Assets is to be made in accordance with the Tangible Capital Asset and Purchased Intangible Asset Procedures, and the Purchasing Policy and its related procedures.

**5. Applicable Legislation and Regulations**

None

**6. Related Procedures/Documents**

Chartered Professional Accountant (CPA) Canada Handbook – Accounting  
 Chartered Professional Accountant (CPA) Canada Handbook – Public Sector  
 Accounting Handbook  
[Tangible Capital Asset and Purchased Intangible Asset Accounting Procedures](#)  
[Purchasing Policy](#)  
[Donation Acceptance Policy](#)

**History**

| <i>Date</i>      | <i>Action</i>   |
|------------------|---|
| March 24, 2021   | Executive Team (Revised Policy Approved)                              |
| January 6, 2020  | Executive Team (Policy Approved)                                      |
| January 22, 2015 | The Governors of Athabasca University Motion # 194-07(policy revised) |