

# Capital Asset Policy

STATEMENT of POLICY			
Manual:	Financial Policies Manual	Policy No.	FIN-005
Section:	Governance Finance Policies	Issued:	2026-02-23
Subject:	<b>Capital Asset Policy</b>	Effective:	2026-02-23
Approved by:	The Provincial Métis Council (PMC)	Page:	1 of 6
		Replaces:	N/A

## 1.0 Policy Statement

- 1.1 The Métis Nation – Saskatchewan (MN-S) will implement policies, procedures and internal controls over fixed asset acquisitions, amortization, tracking and disposals in accordance with Generally Accepted Accounting Principles (GAAP). These measures ensure that fixed assets are accurately recorded, properly classified, and appropriately safeguarded.

## 2.0 Scope

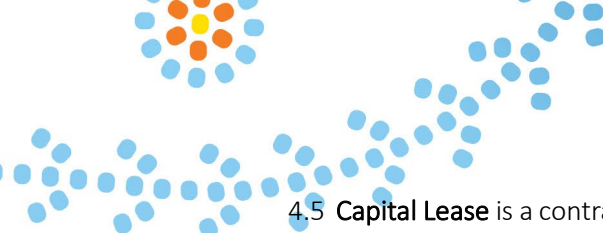
- 2.1 The Capital Asset Policy applies to:
- All MN-S employees and any other persons who conduct business on behalf of the MN-S; and
  - All assets acquired by the MN-S.

## 3.0 Purpose

- 3.1 The Capital Asset Policy provides guidance on the management of capital assets to ensure MN-S effectively acquires, manages, accounts for and disposes of capital assets.

## 4.0 Definitions

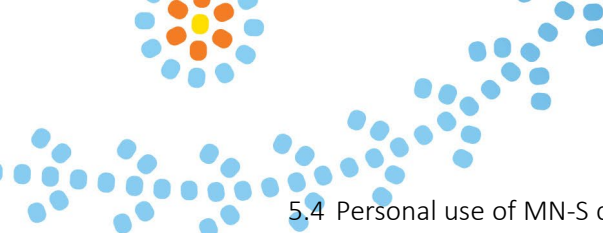
- 4.1 **Amortization** is the allocation of an expense for the use and reduction in value of a capital asset during the course of the asset's useful life.
- 4.2 **Betterments** are subsequent expenditures on capital assets that increase the asset's service capacity and estimated useful life.
- 4.3 **Capital Asset** is any asset with an initial useful life extending beyond one year that is not held for sale or used in the ordinary course of operations. Capital assets include buildings, furniture, vehicles, and equipment. Equipment includes, but is not limited to, office, computer, tools, etc.
- 4.4 **Capital Asset Register** is a comprehensive list of all capital assets (owned or leased) maintained by MN-S, including details like cost, date of purchase, useful life, etc.

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- 4.5 **Capital Lease** is a contract that conveys the right to control the use of an identified capital asset for a period of time in exchange for consideration. The right to control the capital asset is obtained by the customer when they have the right to obtain substantially all of the economic benefits from use of the identified capital asset and the right to direct the use of the identified capital asset.
- 4.6 **Cost or Carrying Value** is the total amount of consideration given up acquiring a capital asset plus all additional amounts that are directly attributable to acquisition, construction, development or betterment of the asset.
- 4.7 **Fair Market Value** is the amount assets can be sold for in a voluntary transaction between a buyer and a seller.
- 4.8 **Impairment** is a permanent decline in the carrying value of a capital asset, such that its carrying value exceeds the recoverable amount.
- 4.9 **Leasehold Improvements** are improvements made by the lessee (for example, new buildings or improvements to existing structures, etc.). These improvements will revert to the lessor at the expiration of the lease
- 4.10 **Lessee** is the entity that obtains the right to use the leased asset.
- 4.11 **Lessor** is the entity that owns the leased asset and provides its use to the lessee.
- 4.12 **Net book value** is the cost of a capital asset less both accumulated amortization and any write-downs.
- 4.13 **Recoverable Amount** is the fair market value of the asset less cost of disposal.
- 4.14 **Residual Value** is the estimated net value of a capital asset at the end of its useful life to MN-S.
- 4.15 **Write-off** is the process of removing an asset from MN-S' capital asset register because it is irreparable, obsolete, or unusable, with appropriate authorization.

## Policy Requirements

### 5.0 Capital Asset Acquisitions

- 5.1 Any capital asset acquired by MN-S, either by purchase, lease, or other means, remains the property of MN-S, regardless of the capital asset's location, until MN-S disposes of it in accordance with this policy.
- 5.2 Capital assets will be acquired in accordance with the MN-S Procurement Policy and Procedures, the Budgeting Policy and Procedures, and the terms and conditions of associated funding agreements.
- 5.3 All newly acquired assets must be tagged with a unique identification number and recorded in the company's capital asset register, including details such as the date of acquisition, cost, serial numbers and expected useful life.



5.4 Personal use of MN-S capital assets is prohibited when such use shortens the life of the asset, accelerates its maintenance schedule or obstructs MN-S personnel from using the asset to perform their job-related duties. Exceptions may be granted under specific circumstances with prior approval in accordance with the Delegation of Authority Policy, provided the use does not compromise the asset's integrity or availability.

5.5 Insurance for capital assets will be obtained in accordance with the Insurance Policy and Procedures.

## **6.0 Leasing Capital Assets**

6.1 Leasing may be considered as an alternative to outright purchase based on cost-effectiveness, financial flexibility, and other strategic considerations.

6.2 Assets obtained through a leasing arrangement must be appropriately assessed to determine if they meet the criteria of a capital lease and should therefore be presented as such on the financial statements in accordance with accounting standards for not-for-profit organizations.

6.3 Leasing arrangements shall be reviewed and approved in accordance with the Delegation of Authority Policy based on a cost-benefit analysis, considering factors such as lease term, interest rates, and potential ownership transfer options.

6.4 Lease agreements must clearly define the responsibilities of both the lessee and the lessor, including terms related to maintenance, insurance, and end-of-lease options.

6.5 Directors and Deputy Chiefs may research and recommend to the Chief Operating Officer (COO) and Chief Executive Officer (CEO) that the MN-S enter into an agreement for property or equipment leases.

6.6 Any formal lease agreement must be reviewed thoroughly prior to any commitments.

6.7 Property and equipment leases must be approved in accordance with the Delegation of Authority Policy prior to the MN-S entering into any commitment.

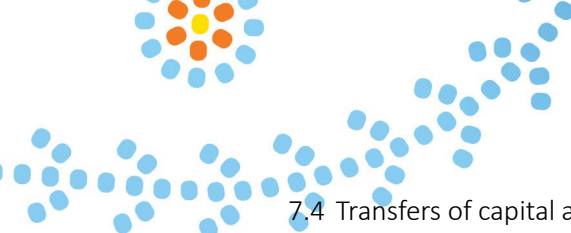
## **7.0 Asset Capitalization and Amortization**

7.1 MN-S will record tangible capital assets at cost. Tangible capital assets with a cost exceeding \$2,500 (with the exception of computer software) will be capitalized and amortized over their useful lives if the following criteria are met:

- A life expectancy of more than one year under normal use
- A unit or system which makes formal accountability practical
- Used in normal operations and is not for sale
- Usually repaired, not replaced when damaged.

7.2 Items with a cost below the \$2,500 threshold will be recorded as an operating expense.

7.3 Capital assets consisting of two or more items or components costing in excess of \$2,500 and meeting the above criteria will also be capitalized and amortized over their useful lives.



7.4 Transfers of capital assets from related parties will be recorded at the net book value to ensure transparency and consistency. For the purposes of this policy, related parties includes MN-S affiliates and their subsidiaries, MN-S subsidiary corporations, MN-S elected officials and their immediate family members, MN-S employees and their immediate family members, and corporations owned by MN-S elected officials/employees and their immediate family members. All such transfers must be reviewed to ensure they do not present a conflict of interest or compromise the integrity of MN-S operations.

7.5 Costs incurred to maintain and repair capital assets will be expensed as incurred and not included in the cost of a capital asset. Costs incurred as a betterment of the capital asset will be capitalized.

7.6 Costs incurred for leasehold improvements will be capitalized and amortized over the remaining life of the lease or the life of the improvement, whichever is shorter.

7.7 Donated or contributed assets will be recorded as revenue at fair market value on the date of donation, except in circumstances where fair market value cannot be reasonably determined, which will then be recognized at nominal value.

7.8 Computer software acquisitions over \$5,000 will be capitalized and amortized over their useful lives.

## **8.0 Capital Asset Maintenance**

8.1 All capital assets shall undergo routine and preventative maintenance to ensure their proper functionality, safety, and longevity. Maintenance activities will be planned, scheduled, and documented to facilitate effective capital asset management.


8.2 Regular inspections of capital assets will be conducted to identify potential issues, assess the need for maintenance, and ensure compliance with safety regulations. Inspection results shall be documented, and appropriate actions taken based on the findings.

8.3 Costs incurred to maintain and repair capital assets will be expensed as incurred and not included in the cost of a capital asset. Costs incurred as a betterment of the capital asset will be capitalized and the amortization amount will be adjusted to ensure that depreciation is aligned with the useful life of the asset.

8.4 Costs incurred for leasehold improvements will be capitalized and amortized on the straight-line basis, expensing the costs evenly over the remaining term of the lease plus one renewal option.

8.5 Leased assets shall be maintained in accordance with the terms of the lease agreement, ensuring their optimal performance throughout the lease period.

8.6 Capital assets that have reached the end of their useful life or are no longer needed for MN-S purpose shall be disposed of in a responsible manner. Disposal methods may include sale, donation, recycling, or scrapping, based on factors such as asset condition, market value, and environmental impact. All capital asset disposals must be approved by the COO and CEO.



8.7 At the end of the lease term, the decision to renew the lease, purchase the asset, or return it to the lessor shall be based on a comprehensive assessment of costs and benefits.

## **9.0 Capital Asset Impairment**

9.1 Prior to the fiscal year end, assets must be counted and inspected for impairment. The value of the asset in the financial records will be updated to reflect the condition of the asset should there be an impairment.

9.2 In the event that an asset is not accounted for and is deemed missing or stolen, a full investigation will be required, and the value of the asset removed from all financial and asset records.

9.3 In the event any items have been noted as missing, the COO, CEO, or Finance Committee may initiate an investigation and attempt to locate the lost item(s).

## **10.0 Asset Write-off or Sale**

10.1 Any write-off or sale of the MN-S assets shall be authorized by the Finance Committee and the Provincial Métis Committee (PMC), then recorded in the PMC's minutes for resolution.

10.2 When the write-off approval is received, the items will be struck from the capital asset register, and the PMC resolution number written beside the struck item.

10.3 Upon approval of the PMC, the COO and CEO will initiate and conduct the sale of any fixed asset.

## **11.0 Authority**

11.1 This policy is strictly enforced by the Provincial Métis Council (PMC) of the MN-S. All employees and representatives must adhere to the guidelines outlined herein. Non-compliance shall result in disciplinary action or withholding of reimbursement, as deemed appropriate by the government.

11.2 This policy will undergo review annually, or earlier if identified as necessary. Any updates, changes, revisions, or additions must be approved by the PMC.



## Other Information

### Attachments / Appendices

### References

- Delegation of Authority Policy

Original Approval Date	Approved By
2026-02-23	Provincial Métis Council

Revision Date	Nature of Revision	Approved By	Effective Date