

ACCOUNTING PROCEDURES FOR CAPITAL EXPENDITURES

This policy is to assist in the accounting for parish renovations, building projects and other capital expenditures.

APPROVAL OF CAPITAL EXPENDITURES

On November 20, 2001 the Council of Priests approved the policies for funding and completion of parish capital projects. These policies defined a capital project as follows:

1. Any project which would impact on the worship space:
 - Liturgical Changes / Modifications
 - Renovation / Replacement (carpeting, painting, furnishings, etc)
2. Any project having impact on overall building integrity:
 - Roofing (storm water management)
 - Masonry
 - Electrical / Mechanical upgrades
3. Any new construction

Projects totaling \$10,000 or more require prior approval of the Financial Administrator of the Diocese or his designate using the standard form entitled "APPLICATION FOR CAPITAL EXPENDITURE".

ACCOUNTING FOR CAPITAL EXPENDITURES

How do I know whether the expenditure is capital or operating?

Repairs and maintenance are not capital. Here are some examples of expenditures that are not capital:

- Replacement of belts or other parts for a furnace/boiler.
- Repairing a plumbing problem.
- Fixing a damaged window, door, floor, pew, parking lot, etc.

Here are some examples of expenditures that are considered capital items (but only if they cost more than \$5,000):

- Replacement of a roof.
- New construction.
- Paving a parking lot.
- Purchase of new pews.
- Painting.
- Purchase of a new boiler or furnace.
- Building restoration

All costs related to these items should be recorded as capital including materials, architect or engineer fees, and the appropriate portion of HST and other related costs.

Accounting

All capital items, provided the total cost exceeds \$5,000, are to be charged to land and building additions (account 9020-x-xx-xxx or 9030-x-xx-xxx).