

Depreciation

The annual depreciation of the capital cost of land, buildings and equipment will equal the principal repaid on the related mortgage loans during the year. In determining principal repaid an accrual must be made for the amount of principal to be repaid on the first day following the Corporation's fiscal year end.

The net book value of the land, buildings and equipment at year end should equal the principal balance of the related mortgage loans.

Capital Reserve Funds

Capital expenditures must be charged to the capital reserve fund and not to the operating budget. Allocations to the capital reserve fund, expenses charged to the fund and interest earned must be reported in the Annual Information Return.

Action Required

Housing providers are required to ensure that their audited financial statements reflect the GAAP exceptions for capital assets, depreciation, capital reserve funds, etc.

Each housing provider should ensure that their auditor receives a copy of this Program Instruction.

Please contact your Program Co-ordinator if you have any questions.

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