

Michigan Theater Foundation Capitalization Policy

Capital assets are comprised of furniture, fixtures, vehicles, equipment, software leasehold improvements, technology equipment, etc. that meet the following criteria:

- Useful life of more than one year
- Cost more than a board established threshold
- Not expected to be sold as a normal part of business operations

The Michigan Theater Foundation threshold has been established at \$2,500 for individual purchases. ***For a project (such as a renovation) that is comprised of several smaller costs, the cost will be capitalized if they total of the costs is greater than \$2,500.***

For purchases in excess of \$25,000, competitive bids (three preferred, minimum of two) should be sought when appropriate.

Given that our historic theaters require constant upkeep and restoration, the Executive Director may approve up to \$100,000 in capital improvements within a fiscal year without Board Approval. Once capital improvements/purchases exceed \$100,000 within a fiscal year, Board Approval will be required for any additional improvements/purchases.

A list of fixed (capital) assets showing the date of the acquisition, cost, useful life and amount of annual and accumulated depreciation will be maintained with the assistance of the audit firm utilized by the Michigan Theater Foundation and depreciation will be posted on a monthly basis, adjusted at fiscal year-end.

The Finance Director and the audit firm should be notified of assets that are no longer in use and need to be removed from the list of fixed (capital) assets so the disposition can be recorded in the general ledger, if required.