

**MICHIGAN STATE BAR FOUNDATION  
CAPITAL PURCHASES & CAPITALIZATION THRESHOLD POLICY**

**Purpose**

This policy establishes the minimum cost (capitalization amount) used to determine capital assets for items purchased by Michigan State Bar Foundation (“MSBF”).

**Definition and Threshold**

Capital purchases comprise, but are not limited to, the following items: furniture, fixtures, equipment, software, leasehold improvements, etc. that meet the criteria listed below:

- 1) a useful life of more than one year, **and**
- 2) a unit cost exceeding \$5,000.

**Competitive bid**

For purchases of more than \$25,000, a minimum of two competitive bids should be sought when appropriate.

**Approval**

MSBF’s Annual Budget will include all proposed capital purchases for that budget period. Budget will be reviewed and recommended by the Finance Audit Committee, with final approval by Board of Directors.

Capital purchases not included within the approved capital budget require the same approval process as above. To seek such approval, the CFO must provide the purchase price, the rationale for the purchase and the assurance of availability of financial resources to support the purchase.

**Recordkeeping**

MSBF shall maintain a list of fixed assets showing the date of the acquisition, the cost of the item, and a schedule for depreciation of the assets. Documentation supporting each purchase must be maintained according to MSBF’s record retention policy.

The annual depreciation expense will be included in MSBF’s annual operating budget.

For each purchase, the CFO shall evaluate whether the acquisition will have an impact on insurance coverage, determine if present coverage valuations are adequate, and obtain additional coverage if necessary.

**Effective Date**

Purchases made on or after October 1, 2024 are subject to this threshold. Any assets purchased before this date will be reevaluated subject to the new threshold criteria.

*Original Adopted by the MSBF Board of Directors September 18, 2025*