

Capitalization Policy

Marshall University Research Corporation

Effective Date: July 1, 2025

Approved By: Executive Director

1. Purpose

This policy establishes guidelines for the capitalization of expenditures related to property, plant, and equipment (PP&E) at Marshall University Research Corporation. It ensures compliance with Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB) requirements, and institutional financial reporting standards.

2. Scope

This policy applies to all departments, divisions, and units of Marshall University Research Corporation involved in the acquisition, construction, or improvement of capital assets.

3. Definitions

- **Capital Asset:** Tangible or intangible assets with a useful life of more than one year and a cost above the capitalization threshold.
- **Depreciation:** The systematic allocation of the cost of a capital asset over its useful life.
- **Capitalization Threshold:** The minimum cost at which an asset is recorded as a capital asset.

4. Capitalization Thresholds

Asset Type	Threshold	Useful Life (Years)
Buildings	\$100,000	40–50
Building Improvements	\$50,000	15–30
Equipment	\$10,000	3–15
Vehicles	\$10,000	5–10
Software (internally developed or purchased)	\$10,000	3–10

5. Capitalizable Costs

Capitalizable costs include, but are not limited to:

- Purchase price (including taxes, shipping, and handling)
- Installation and setup costs
- Architectural and engineering fees
- Site preparation and demolition
- Legal and permit fees

6. Non-Capitalizable Costs

Costs that should be expensed include:

- Routine maintenance and repairs
- Training and administrative costs
- Consumables and supplies
- Costs incurred after the asset is placed in service

7. Depreciation

Depreciation is calculated using the straight-line method over the asset's estimated useful life, with no salvage value unless otherwise specified.

8. Asset Tagging and Inventory

All capital assets must be tagged and recorded in the institution's asset management system. Departments are responsible for conducting periodic physical inventories.

9. Disposal of Capital Assets

Disposal of capital assets must follow institutional procedures and be reported to MURC via the [Property Status Form](#), for proper accounting treatment.

10. Review and Updates

This policy will be reviewed every three years or as needed to ensure compliance with applicable accounting standards and institutional needs.