

## Cited Unallowable Cost Reference Sheet

The list below is meant to be a quick reference guide that summarizes the most frequently occurring unallowable indirect costs. This list is not meant to be all-inclusive, and it is recommended to review 2 CFR (Code of Federal Regulations) Part 200, Subpart E – “Cost Principles” when in doubt to obtain additional information. A cross reference to the Uniform Guidance is cited in the last column to facilitate your research.

|   |   | <b>Reference</b>      |
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|   | <b>Cited Unallowable Costs</b>  | <b>2 CFR Part 200</b> |
| 1 | <p><b>Advertising and Public Relations</b> (some costs are allowable under certain circumstances)</p> <p><i>Advertising and Public Relations are not allowable for:</i><br/>           Meetings and conventions not related to the project including:</p> <ul style="list-style-type: none"> <li>▪ Displays and exhibits</li> <li>▪ Meetings and hospitality suites</li> <li>▪ Personnel to set up displays and exhibits</li> <li>▪ Promotional items and memorabilia</li> <li>▪ Costs designed solely to promote the institution</li> </ul> <p><i>Advertising is allowable for:</i><br/>           Recruiting personnel<br/>           Procurement of goods and services<br/>           Disposal of scrap or surplus materials<br/>           Program outreach and other specific purposes necessary to meet the requirements of the Federal award.</p> <ul style="list-style-type: none"> <li>▪ You can use Federal funds to promote programs and activities to achieve the project objectives</li> </ul> <p><i>Public relations are allowable only:</i></p> <ul style="list-style-type: none"> <li>▪ When directly related to the project</li> </ul> | 200.421               |
| 2 | <p><b>Advisory Councils</b></p> <ul style="list-style-type: none"> <li>▪ Costs incurred by advisory councils are unallowable.</li> <li>▪ Costs incurred by advisory councils or committees are unallowable unless authorized by statute, the Federal awarding agency or as an indirect cost where allocable to Federal awards.</li> </ul>   | 200.422               |
| 3 | <p><b>Alcoholic Beverages</b></p> <ul style="list-style-type: none"> <li>▪ Costs of alcoholic beverages are unallowable</li> </ul>  | 200.423               |
| 4 | <p><b>Alumni/ae activities</b></p> <ul style="list-style-type: none"> <li>▪ Costs incurred for, or in support of, alumni/ae activities are unallowable</li> </ul>   | 200.424               |
| 5 | <p><b>Bad Debts</b></p> <ul style="list-style-type: none"> <li>▪ Bad debts and the cost of collecting them are unallowable</li> </ul>   | 200.426               |

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| 6 | <p><b>Commencement and convocation cost</b></p> <ul style="list-style-type: none"> <li>▪ Commencement and convocation costs are unallowable</li> </ul>   | 200.429 |
| 7 | <p><b>Contributions and Donations</b></p> <ul style="list-style-type: none"> <li>▪ Contributions and donations are unallowable</li> </ul>  | 200.434 |
| 8 | <p><b>Entertainment Costs</b></p> <ul style="list-style-type: none"> <li>▪ Generally unallowable</li> <li>▪ Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal award agency.</li> </ul>   | 200.438 |
| 9 | <p><b>Equipment and other capital expenditures</b></p> <ul style="list-style-type: none"> <li>▪ Capital expenditures for <i>general purpose equipment</i>, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity</li> <li>▪ Acquisition of buildings and land always requires prior approval (approved when written into the original grant proposal or by the program officer)</li> <li>▪ Capital expenditures for <i>special purpose equipment</i> are allowable as direct costs, provided items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity. <ul style="list-style-type: none"> <li>– For special purpose equipment it appears that each individual item of equipment must have prior approval</li> <li>– If not written into the original proposal, this would require approval from the program officer</li> </ul> </li> <li>▪ Capital expenditures for improvements to land, buildings, or equipment, which materially increase their value or useful life, are unallowable as a direct cost except with written approval of the Federal awarding agency, or pass-through entity. <ul style="list-style-type: none"> <li>– Improvements to land, buildings or equipment which are not capitalized by the grantee do not require prior approval</li> <li>– Capitalized improvements do require prior approval; talk to your Business Office before remodeling</li> </ul> </li> <li>▪ Equipment: tangible personal property (including IT systems) having a useful life of &gt; 1 yr. and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5K</li> <li>▪ IT Systems: computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources.</li> <li>▪ General Purpose Equipment: equipment that is “not limited to research, medical, scientific or other technical activities” <ul style="list-style-type: none"> <li>– Most “equipment” (e.g., IT hardware, software, photocopiers, telephone systems, vehicles) is <i>general purpose equipment</i></li> </ul> </li> </ul> | 200.439 |

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|    | <ul style="list-style-type: none"> <li>- If there is an approved "Equipment" budget in the original proposal, most grantees do not seek additional prior approval for each individual item of general purpose equipment</li> </ul>   |         |
| 10 | <p><b>Fines, penalties, damages and other settlements</b></p> <ul style="list-style-type: none"> <li>▪ Generally unallowable</li> <li>▪ Costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the Federal award, or with prior written approval of the Federal awarding agency.</li> </ul>  | 200.441 |
| 11 | <p><b>Fundraising Costs</b></p> <p>Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable.</p> <p>Activities that increase private fundraising capacity are allowable and include prospect research, donor recognition activities, board development, prospect qualification, donor cultivation, relationship management, software, scholarship software, gift tracking software, etc. Virtually any activity that falls short of actually soliciting funds is allowable.</p> <p>Activities to develop grant capacity are allowable and include grant management software, grant-seeking software, resource libraries, budget templates, institutional profiles, institutional research, training faculty and staff to develop grants, facilitation compression planning sessions, etc. Virtually any activity that does not include writing a proposal for submission to a specific funding opportunity would be allowable.</p> <p>Fund raising costs for the purposes of meeting the Federal program objectives are allowable with prior written approval from the Federal awarding agency.</p> <p>If you include a fundraising objective in your proposal, you can use Federal funds for actual solicitation.</p> | 200.442 |
| 12 | <p><b>General Costs of Government</b></p> <ul style="list-style-type: none"> <li>▪ Generally unallowable</li> </ul>  | 200.444 |
| 13 | <p><b>Goods or Services for Personal Use</b></p> <ul style="list-style-type: none"> <li>▪ Costs of goods or services for personal use of the non-Federal entity's employees are unallowable regardless of whether the cost is reported as taxable income to the employee</li> </ul>  | 200.445 |
| 14 | <p><b>Idle Facilities and Idle Capacity</b></p> <ul style="list-style-type: none"> <li>▪ Generally unallowable</li> </ul>  | 200.446 |
| 15 | <p><b>Investment Management Costs</b></p> <ul style="list-style-type: none"> <li>▪ Generally unallowable unless associated with management of funds associated with the grant (e.g., pensions for grant employees or self-insurance funds)</li> </ul>  | 200.442 |

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| 16 | <b>Legal Costs</b> <ul style="list-style-type: none"> <li>▪ Legal costs related to defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements are unallowable.</li> </ul>   | 200.435 |
| 17 | <b>Lobbying</b> <ul style="list-style-type: none"> <li>▪ Unallowable</li> </ul>  | 200.450 |
| 18 | <b>Losses on Other Awards or Contracts</b> <ul style="list-style-type: none"> <li>▪ Unallowable</li> </ul>   | 200.451 |
| 19 | <b>News Media</b> <ul style="list-style-type: none"> <li>▪ The portion that is required by Federal programs is allowable</li> </ul>  | 200.421 |
| 20 | <b>Organization Costs</b> <ul style="list-style-type: none"> <li>▪ Costs such as incorporation fees, brokers' fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselors, whether or not employees of the non-Federal entity in connection with establishment or reorganization of an organization, are unallowable, except with prior approval of the Federal awarding agency</li> </ul> | 200.455 |
| 21 | <b>Selling and Marketing</b> <ul style="list-style-type: none"> <li>▪ Unallowable, except with prior approval and when necessary for performance of the sponsored project</li> </ul>   | 200.467 |
| 22 | <b>Student Activity Costs</b> <ul style="list-style-type: none"> <li>▪ Costs incurred for intramural activities, student publications, student clubs, and other student activities are unallowable, unless specifically provided for in the Federal award</li> </ul>   | 200.469 |