NAHASDA PROGRAM: 2 CFR PART 200 SUPART E

COST PRINCIPLES-ALLOWABILITY OF COSTS

CFR REF	COST TYPE	DESCRIPTION
200.421	**ADVERTISING**	**ALLOWABLE** if costs are incurred for recruitment of staff or trainees, procurement of goods and services, program outreach and other specific purposes necessary to meet the requirements of the NAHASDA-supported project or activity.
200.421	**PUBLIC RELATIONS – includes COMMUNITY RELATIONS**	**ALLOWABLE if** (1) costs are incurred for communicating with the public and the press pertaining to specific accomplishments which result from performance of the NAHASDA program or (2) costs of conducting communication and liaison necessary to keep the public informed on matters of public concern such as notices of awards, financial matters, costs, etc.
		UNALLOWABLE – Cost of meetings, conventions, conferences and events that are unrelated to the grant program, cost of promotional items and memorabilia and cost of advertising and public relations designed solely to promote the Tribe/TDHE. (Must be program specific)**.**
200.422	**ADVISORY COUNCILS**	**ALLOWABLE** for Advisory councils or committees such as Finance Committees or Investment committees.
200.423	**ALCOHOLIC BEVERAGES**	**UNALLOWABLE.**
200.425	**AUDIT SERVICES**	**ALLOWABLE.** Periodic financial review is also allowable under NAHASDA. See §1000.546.
		UNALLOWABLE. (1) Costs for audit NOT conducted in accordance with the Single Audit Act and (2) audit NOT conducted in accordance with Subpart F – (single audit cost for Tribe/TDHE that does not meet the $1M federal expenditure for the fiscal year).
200.426	**BAD DEBTS**	**UNALLOWED** - Bad debt and related collection and legal costs.
200.427	**BONDING COSTS**	**ALLOWABLE** when HUD requires it to protect its interest, or as a general condition of the award. Bonding costs are also allowable as an INDIRECT cost in the general conduct of Tribe/TDHE's business.
200.428	**COLLECTION OF IMPROPER PAYMENTS**	**ALLOWABLE.** To recover improper payments or improper overpayments. For example, recovery of rental assistance payment to tenants deemed ineligible for the assistance.

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COST PRINCIPLES-ALLOWABILITY OF COSTS

CFR REF	COST TYPE	DESCRIPTION
200.430	**COMPENSATION-PERSONAL SERVICES**	**ALLOWABLE - (1)** Includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, **including but not necessarily limited to wages and salaries. (2)** May include fringe benefits addressed in § 200.431. **(3)** Allowable to the extent that the amount is reasonable in relation to the work performed. **(4)** Allowable if person providing consultant services in an employer-employee type of relationship does NOT receive more than a reasonable rate of compensation for personal services paid with IHBG funds. Compensation CANNOT exceed the equivalent of the daily rate paid for Level IV of the Executive Schedule. **See §1000.26(b)(2). (5)** Reasonable incentive compensation is allowable if based on cost reduction, efficient performance or safety. **(6)** Incorporate Standards for Documentation of Personnel Expenses as outlined in 200.430(g).
200.431	**COMPENSATION-FRINGE BENEFITS**	**ALLOWABLE - (1)** as part of the overall compensation to employees in proportion to the amount of time or effort in relation to the work performed. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefits. **(2) Allowable LEAVE** include annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave and other similar benefits, **IF benefits are provided under established leave policies. (3)** Generally **Allowable - Unemployment or Workers Compensation insurance. (4) Pension Plan Costs -** allowable with established written policies and in accordance with GAAP. **(5) Severance Pay -** allowable only if required by law, employer-employee agreement, and established policy.
		UNALLOWABLE: (1) Automobile costs for personal use are unallowable, regardless of whether the cost is reported as taxable income to the employees. **(2) Severance pay costs** that are (a) in excess of the standard severance pay provided by the Tribe/TDHE to an employee upon termination of employment and (b) that are paid to the employee **contingent** upon a change in management control. **(3)** Insurance costs on the lives of trustees, officer,

CFR REF	COST TYPE	DESCRIPTION
		or other employees is **UNALLOWED** when Tribe/TDHE is named as beneficiary.
200.432	**CONFERENCES**	**ALLOWABLE. (1)** Costs for meetings, retreats, seminars, and symposiums are allowable, including rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to the conference. **(2)** Cost of **IDENTIFYING** - **but NOT providing locally dependent care services. HUD** may authorize exceptions for programs including Indian Tribes, children and the elderly. Also refer to §§ 200.438, 200.456, and 200.475.
200.433	**CONTINGENCY PROVISIONS**	**ALLOWABLE** if **(1)** Contingency is built into the budget estimates of a construction project, approved by HUD, which is necessary and reasonable for proper and efficient accomplishment of project or program objectives, and **(2)** must be verifiable in the Tribe/TDHE's financial records.
		UNALLOWABLE - Funding a "contingency reserve" or any similar payment made for events the occurrence of which "cannot be foretold with certainty as to the time, intensity, or assurance that it will happen".
200.434	**CONTRIBUTION AND DONATIONS**	**ALLOWABLE** - (1) The value of donated services and property may be used to meet cost sharing requirements (see § 200.306). (2) Depreciation on donated assets is permitted so long as the donated property is not counted towards meeting cost sharing requirements (see § 200.436).
		UNALLOWABLE - (1) for costs of contribution and donations, including cash, property, and services to other entities. **(2)** Cannot charge the value of donated services (by volunteers, professional and/or consultant, and property donated to the federal grant.

NAHASDA PROGRAM: 2 CFR PART 200 SUPART E

COST PRINCIPLES-ALLOWABILITY OF COSTS

CFR REF	COST TYPE	DESCRIPTION
200.435	**DEFENSE AND PROSECUTION OF CRIMINAL AND CIVIL PROCEEDINGS, CLAIMS, APPEALS, AND PATENT INFRINGEMENTS**	**ALLOWABLE** if they are necessary and reasonable and authorized cost of the program.
		UNALLOWABLE - (1) Costs for prosecuting claims against the Federal Government, including appeals of final Federal agency decisions **(2)** if Tribe/TDHE incurs legal costs to defend itself for illegal, violations and noncompliance against whistleblowers.
200.436	**DEPRECIATION**	GAAP requires the depreciation of all fixed assets (with some exceptions such as land) for presentation in the financial statement. The depreciation method for fixed assets shall not be **changed** without the approval of HUD or, if charged, through a cost allocation plan. **See §1000.26(b)(1)(i).**
		ALLOWABLE for NAHASDA to be charged Depreciation for the use of NON-OWNED assets through an allocation plan or indirect cost rate.
		UNALLOWED to be reimbursed with NAHASDA grant funds for depreciation on an asset purchased with NAHASDA grant funds.
		REQUIRES HUD'S PRIOR APPROVAL if depreciation method for fixed assets is changed. **See §1000.26(b)(1)(i)**.
200.437	**EMPLOYEE HEALTH AND WELFARE COSTS**	**ALLOWABLE** if costs are incurred in accordance with the Tribe/TDHE's **DOCUMENTED POLICIES** for the improvement of working conditions, employer-employee relations, employee health and employee performance. **Changed from Employee Morale, to Employee Health, and Welfare costs.**
		UNALLOWABLE costs are those associated with **Employee Morale**. For example, a company picnic for employees and family members to improve employee morale.
200.438	**ENTERTAINMENT AND PRIZES**	**GENERALLY UNALLOWABLE.** This includes the cost of amusements, diversions, social activities, and related incidental costs.

CFR REF	COST TYPE	DESCRIPTION
		ALLOWABLE ONLY where specific costs that might otherwise be considered entertainment have a **programmatic purpose and are authorized in the Indian Housing Plan.** This includes the cost of amusements, social activities, and related incidental costs.
200.439	**EQUIPMENT AND OTHER CAPITAL EXPENDITURES**	**See § 200.1 for the definitions of capital expenditures, equipment, special purpose equipment, general purpose equipment, acquisition cost, and capital assets.**
		ALLOWABLE. (1) Must apply the **Rule of Allowability** as outlined in 200.439(b) for equipment and capital expenditures**. (2) Must conduct physical inventory at least once every 2 years. (3)** Must capitalize the lesser of the Unit cost of the assets as defined in the Tribe/TDHE's capitalization policy, **or $10,000**. **(4)** Tribe/TDHE does not require permission from HUD for disposition of assets purchased under the program.
200.441	**FINES, PENALTIES, DAMAGES AND OTHER SETTLEMENTS**	**UNALLOWABLE** costs to the NAHASDA Program. Refer to **§1000.26(b)(1)(ii).**
200.442	**FUNDRAISING and INVESTMENT MANAGEMENT COSTS**	**ALLOWABLE. (1) ONLY** if fundraising costs are for the purposes of meeting program objectives. **(2)** Costs of investment counsel and staff and similar expenses incurred to enhance income from investments **are ALLOWED** when associated with investments covering pension, self-insurance, or other funds, as part of the program (e.g. IHBG approved Investment). **(c)** Costs related to physical custody and control of monies and securities **are allowable**.
		UNALLOWABLE if costs are incurred for organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contribution, unrelated to federal program objectives.

NAHASDA PROGRAM: 2 CFR PART 200 SUPART E

COST PRINCIPLES-ALLOWABILITY OF COSTS

CFR REF	COST TYPE	DESCRIPTION
200.443	**GAINS AND LOSSES ON DISPOSITION OF DEPRECIABLE ASSETS**	Losses on the sale of depreciated fixed assets are **not reimbursable**. GAAP requires that a gain or loss on the sale of depreciated fixed assets (amount realized from the sale of the asset and the undepreciated basis of the property) be recorded for presentation in the financial statement.
200.444	**GENERAL COST OF GOVERNMENT**	**GENERALLY UNALLOWABLE.**
		EXCEPTION - ALLOWABLE ONLY for Indian tribes and Councils of Governments (COGs) (§200.1 Local Governments), the portion of salaries and expenses **directly attributable to managing and operating Federal programs** by the chief executive and his or her staff is allowable. **Up to 50% of these costs can be included in the indirect cost calculation without documentation.**
200.445	**GOODS OR SERVICES FOR PERSONAL USE**	**UNALLOWABLE. R**egardless of whether reported as taxable income to the employees. Refer to **§1000.26(b)(iii**
		EXCEPTION-ALLOWABLE ONLY WITH HUD'S PRIOR APPROVAL - costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses for the Tribe/TDHE's employees are only allowable as direct costs. regardless of whether reported as taxable income to the employees. Refer to **§1000.26(b)(iii).**
200.447	**INSURANCE AND INDEMNIFICATION**	**ALLOWABLE.** (1) Section 203(c) of NAHASDA requires that TDHEs maintain adequate insurance coverage for housing units that are owned, operated, or assisted with NAHASDA grant funds. (2) Costs of insurance on the lives of trustees, officers or other employees holding positions or similar responsibilities are **allowable only to the extent that the insurance represents additional compensation.** (3) **Contributions to any reserve** for certain self-insurance programs, including worker's compensation, unemployment compensation, and severance pay **are allowable**, subject to certain provisions.

CFR REF	COST TYPE	DESCRIPTION
		UNALLOWABLE - (1) Actual losses which could have been covered by permissible insurance are generally unallowable. **(2)** The cost of insurance against defects is unallowable. **See also §1000.136,138,139,140,141,143,144.**
200.449	**INTEREST**	**ALLOWABLE - (1)** Financing costs (including interest) to acquire, construct, or replace capital assets are allowable and **(2)** Cost of interest for approved loan guaranteed under the Title VI Loan guaranteed loan program.
		UNALLOWABLE Finance Costs incurred, unrelated to the Federal grant such as interest on borrowed capital, temporary use of endowment funds, or the use of the recipient's or subrecipient's own funds, are unallowable.
200.450	**LOBBYING**	**UNALLOWABLE.**
200.451	**LOSSES ON OTHER AWARDS OR CONTRACTS**	**UNALLOWABLE.** For example, Cannot transfer excess cost of another award or contract to IHBG grant for payment.
200.452	**MAINTENANCE AND REPAIR COSTS**	**ALLOWABLE** for repair and maintenance of properties that meet eligibility of the NAHASDA program.
		EXCEPTION: Note that rents received from properties funded with IHBG funds are Program Income – under the IHBG program – **Tribe/TDHE can elect NOT to use Program Income first.**
200.453	**MATERIALS AND SUPPLIES COSTS, INCLUDING COSTS OF COMPUTING DEVICES**	**ALLOWABLE. 1.** Costs incurred for materials, supplies, and fabricated parts necessary for the NAHASDA program. 2. Charging computing devices as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award.

NAHASDA PROGRAM: 2 CFR PART 200 SUPART E

COST PRINCIPLES-ALLOWABILITY OF COSTS

CFR REF	COST TYPE	DESCRIPTION
200.454	**MEMBERSHIPS, SUBSCRIPTIONS, AND PROFESSIONAL ACTIVITY COSTS**	**ALLOWABLE.** Costs for membership in business technical and professional organizations, subscriptions to business, professional and technical periodicals, and membership in any civic or community organizations.
		UNALLOWABLE. The cost of membership in organizations in any country club, social or dining club, and organizations whose primary purpose is lobbying is unallowable. See also section §200.450 Lobbying.
200.455	**ORGANIZATION COSTS**	**ALLOWABLE - (1) NAHASDA Program Does NOT require HUD Prior Approval.** Examples: Incorporation fees, management consultants, attorneys, accountants, investment counselors in connection with the establishment of reorganization of an organization. **(2)** Cost related to data and evaluation - to gather, store, track, manage, analyze, disaggregate, secure, share, publish or otherwise use the data to improve program, etc.
		UNALLOWABLE - activities undertaken to persuade employees of the Tribe/TDHE to exercise or not to exercise, the right to organize and bargain collectively through representatives of the employees' own choosing.
200.456	**PARTICIPANT SUPPORT COSTS**	**ALLOWABLE.** Definition in § 200.1 means direct costs that support participants and their involvement in a Federal award, such as stipends, subsistence allowances, travel allowances, registration fees, temporary dependent care, and per diem paid directly to or on behalf of participants for conferences and training. **(NOT EMPLOYEES).**
200.457	**PLANT AND SECURITIES COSTS**	**ALLOWABLE -** if Necessary and reasonable expenses incurred for protection and security of facilities and personnel. Allowable costs include wages and uniforms of personnel engaged in security activities; equipment; barriers; protective (non-military) gear, devices, and equipment; contractual security services; and consultants.

NAHASDA PROGRAM: 2 CFR PART 200 SUPART E

COST PRINCIPLES-ALLOWABILITY OF COSTS

CFR REF	COST TYPE	DESCRIPTION
200.458	**PRE-AWARD COSTS**	**ALLOWABLE. (1)** Costs incurred prior to the effective date of the Federal award, in anticipation of the award, and such costs are necessary for efficient and timely performance of the scope of work. **(2)** If charged to the award, must be charged to the initial budget period of the award.
200.459	**PROFESSIONAL SERVICE COSTS**	**ALLOWABLE.** Costs of professional services and consultants and **must meet the Rule of Allowability - cost is allowable when it complies with requirements (reasonableness, allocability, and compliance) with federal grant award.**
200.460	**PROPOSAL COSTS**	**ALLOWABLE.** Costs of preparing bids, proposals, or applications for federal awards in support of the NAHASDA program. may charge the Federal award during closeout for the costs of publication or sharing of research results if the costs were not incurred during the period of performance of the Federal award. These costs must be charged to the final budget period of the award unless otherwise specified by the Federal agency.
		UNALLOWABLE. Cannot charge costs from past accounting period to the current period to seek reimbursement.
200.461	**PUBLICATION AND PRINTING COSTS**	**ALLOWABLE. (1)** Costs of electronic and print media, including distribution, promotion, and general handling. (**2)** The Tribe/TDHE may charge the Federal award during closeout for the costs of publication or sharing of research results if the costs were not incurred during the period of performance of the Federal award. These costs must be charged to the final budget period of the award unless otherwise specified by the Federal agency.
200.462	**REARRANGEMENT AND RECONVERSION COSTS**	**ALLOWABLE. (1)** Costs incurred for ordinary and normal rearrangement, modification, and alteration of facilities. **(2) Tribe/TDHE does NOT require HUD prior approval under the NAHASDA program.**

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COST PRINCIPLES-ALLOWABILITY OF COSTS

CFR REF	COST TYPE	DESCRIPTION
200.463	**RECRUITMENT COSTS**	**ALLOWABLE. (1)** If recruitment cost is incurred according to the Tribe/TDHE's standard recruitment program and costs and employment agencies are not more than standard commercial rates for such services. **(2)** If any form of compensation (fringe benefits, salary allowance) meets the test of reasonableness.
		UNALLOWABLE. If employee resigns for reasons within the employee's control within 12 months after hire, the relocation cost is unallowable, and costs paid with a federal grant must be repaid. **Tribe/TDHE must seek repayment from the employee.**
200.464	**RELOCATION COSTS OF EMPLOYEES**	Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period exceeding 12 months) of an existing employee or upon recruitment of a new employee.
		ALLOWABLE if: (1) the move is for the benefit of the employer. (2) Reimbursement to the employee is in accordance with an established written policy consistently followed by the employer. (3) the reimbursement does not exceed the employee's actual (or reasonably estimated) expenses.
		ALLOWABLE FOR RELOCATION OF CURRENT EMPLOYEES but limited to: (1) the costs of transportation of household, and personal effects to the new location. (2) The cost of finding a new home. (3) Closing cost of former home (4) The continuing costs of ownership (for up to six months) of the vacant former home. (6) other necessary and reasonable expenses normally incident to relocation.
		UNALLOWABLE: (1) Fees and other costs associated with acquiring a new home. (2) A loss on the sale of a former home. (3) Continuing mortgage principal and interest payments on a home being sold. (4) Income taxes paid by an employee related to reimbursed relocation costs.

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COST PRINCIPLES-ALLOWABILITY OF COSTS

CFR REF	COST TYPE	DESCRIPTION
200.465	**RENTAL COSTS OF REAL PROPERTY AND EQUIPMENT**	**ALLOWABLE.** Where leased assets are concerned, GASB 87, effective for fiscal years after June 15, 2021, defines lease as **"A contract that conveys control of the right to use another entity's nonfinancial asset (capital asset) as specified by the contract for a period of time in an exchange or exchange like transaction".**
200.467	**SELLING AND MARKETING COSTS**	**ALLOWABLE** when necessary for the performance of the Federal award. For example, selling and marketing of affordable homes for sale and rentals owned and operated by the Tribe/TDHE.
200.470	**TAXES (including Value Added Tax)**	**ALLOWABLE. (1)** Taxes legally required to pay, except for taxes that disproportionately affect federal programs. **(2) U**ser fees (gasoline taxes, motor vehicle fees).
		NOTE: NAHASDA Program - §1000.242 -246 and Sec. 101 of NAHASDA: EXEMPT FROM TAXATION- Rental Housing and lease-purchase homeownership units assisted with IHBG units.
		Payment in Lieu of Taxes (PILOT) may be negotiated under a Cooperation Agreement between the Tribe/TDHE and the local government to compensate the local government for service costs.
200.471	**TELECOMMUNICATION COSTS AND VIDEO SURVEILLANCE COSTS**	**ALLOWABLE.** Costs incurred for telecommunications and video surveillance services or equipment such as phones internet, video surveillance, cloud servers.
		UNALLOWABLE. Procured, contracted or obtained equipment, services and systems from entities described in **§200.216 – Prohibition on certain telecommunications and video surveillance services or equipment.**
200.473	**TRAINING AND EDUCATION COSTS**	**ALLOWABLE.** The cost of training and education provided to employee development is allowable.
200.474	**TRANSPORTATION COSTS**	**ALLOWABLE.** Costs incurred for freight, express, cartage, postage, and other transportation services relating either to goods purchased, in process, or delivered.

CFR REF	COST TYPE	DESCRIPTION
200.475	**TRAVEL COSTS**	**ALLOWABLE** – 1. Travel costs for official business, but airfare cost **must not be "more than the basic least expensive UNRESTRICTED fare".** **2. Temporary dependent care costs above and beyond regular dependent care - allowable provided that:** (i) direct result of the individual's travel for the federal award; (ii) costs are reasonable and consistent with documented travel policy; (iii) temporary only for the travel period.
		UNALLOWABLE: Commercial air travel: airfare that costs **more than the basic least expensive unrestricted** accommodations class offered by commercial airlines are **UNALLOWABLE EXCEPT** when such accommodation would: (i) require circuitous routing. (ii) require travel during unreasonable hours. (iii) excessively prolonged travel. (iv) result in additional costs that would offset the transportation savings; or (v) offer accommodations not reasonably adequate for the traveler's medical needs. **first-class or business- class airfare must be justified to be allowable.**
200.476	**TRUSTEES**	**ALLOWABLE.** Travel and subsistence costs of trustees or Council members or Board of Commissioners costs.