

GUIDE FOR DIRECT, INDIRECT AND UNALLOWABLE COSTS

The decision of whether a proposed cost is direct (allowable) or indirect (unallowable) is based on the ability to specifically associate the cost with the project, rather than on the nature of the goods or services.

Failure to mention a specific cost category does not imply it is either allowable or unallowable.

DIRECT EXPENSES

Direct Expenses – project-specific expenses that are allowable, not a previous expense paid for through existing continued funding and included in the approved HWPP project budget

EXPENSE	DESCRIPTION
Advertising	Advertising for project-specific personnel recruitment or program participants, or for project-related awareness and education
Books, Journals and Subscriptions	Books, journals and subscriptions to professional or technical publications specifically related to the project
Consultant	Individual / organization hired to perform professional, short-term services specifically related to the project
Equipment	Tangible personal property with a useful life of one year or less and a unit cost of \$3,000 or less, including computers, office equipment, etc.; specifically related to the project
Honoraria	Payment for services, such as speaker fees, associated with a project-related conference or symposium
Meals and Meeting Refreshments	Meals associated with a project-related conference or symposium, meeting requirements, site visit meals and guest meals
Memberships and Dues	Memberships and dues to belong to professional or technical organizations specifically related to the project
Office Supplies	Project-related office supplies maintained for general use by all staff for use on the project, including, but not limited to, pens, pencils, writing paper, file folders, letterhead, envelopes, staples, staplers, rulers, etc. Cost to the project should be net of credits, discounts, and rebates; Freight costs are part of supply cost; Sales Tax is not. Photocopying of documents for non-routine, project-specific use
Postage / Messenger Service	Non-routine, project-specific postage costs, overnight delivery service or special shipping services, other than routine postage costs, including shipping of samples, receiving goods for project use or other delivery items that are directly related to project work
Salaries and Fringe Benefit – Technical and Program Personnel	Personnel performing project-specific scientific or other technical work based on the percentage of effort devoted by the employee
Supplies and Materials – Technical	Purchased materials and supplies consumed in performance of the project agreement; Cost to the project should be net of credits, discounts and rebates; Freight costs are part of supply and material costs; Sales Tax is not
Telephone, Fax Lines and Pagers	Equipment and service costs for telephones, fax service and pagers specifically for project use
Travel	Transportation, lodging, per diem and related costs for project-specific activities, in accordance with MCW travel policy and/or the community partner's travel policy

INDIRECT EXPENSES

Indirect Expenses – expenses related to the normal operating functions of the organization. AHW expects that an established partner organization has existing financial support and infrastructure for a facility and administrative staff to carry on its business; these expenses are unallowable for inclusion and approval in the HWPP project budget unless it can be demonstrated to be an incremental cost specifically incurred due to the project

EXPENSE	DESCRIPTION
Insurance	Insurance coverage for normal business purposes, whether provided by an external company or through a self-insurance program
Maintenance and Repair	Costs to keep property in efficient operating condition, not including costs that increase property value
Rent	Cost to lease building space or equipment
Salaries and Fringe Benefit – Administrative and Clerical Personnel	Departmental administration, including professional and clerical staff, and central administration staff serving the entire organization

UNALLOWABLE EXPENSES

Unallowable Expenses – expenses that may not be incurred using HWPP funds

EXPENSE	DESCRIPTION
Alcoholic Beverages	Purchase of alcoholic beverages
Alterations and Renovations	Brick and mortar alterations and/or renovations of facilities to expand or improve use
Alumni Activities	Alumni relations and alumni service costs
Bad Debts	Losses from uncollectible accounts, collection costs and related legal costs
Commencement / Convocation	Costs of ceremonies and receptions
Contingency Funds	Provisions made for events that are uncertain as to actual occurrence, timing or extent
Defense, Prosecution, Claims and Appeals	Costs resulting from defense, prosecution, claims and appeals expenses
Depreciation	Cost of an asset (building or equipment) spread over the asset's useful life
Donations/Contributions and Fund Raising	Includes gifts, memorials and purchase of tables at fund raising events; Costs for development activities, including solicitation of gifts and bequests, endowment drives and capital campaigns
Entertainment	Amusement, social activities and related costs (tickets, meals, lodging and gratuities)
Fines and Penalties	Costs resulting from violations of laws and regulations
Goods or Services for Personal Use by Employees	Items or services providing direct personal benefit to employees
Interest	Interest expenses
Investment Management	Costs of investment counsel
Lobbying	Attempts to influence outcomes of elections or other political actions



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Losses on Project Agreements	Costs in excess of available funding are unallowable as a direct cost on another project agreement
Pre-Award Costs	Costs incurred prior to the effective date of the project agreement
Proposal Costs	Proposal preparation, including typing, copying and mailing costs, for new and renewal applications
Public Relations and Marketing	Public relations, marketing and related advertising costs intended to promote the organization or improve community relations that are not project specific
Scholarships, Stipends and Tuition	Scholarships and stipends provided to support education costs or living expenses
Security	Costs to protect personnel and facilities
Student Activity Costs	Costs of student publications and activities