Chapter Title Fiscal	Section # F		Subject # 254
Subject Title Allowability	Adopted 9/24/18	Last Revised 9/24/18	Reviewed 9/24/18; 10/28/19; 10/19/20; 10/18/21; 10/17/22; 10/30/23; 10/28/24; 10/20/25; 10/19/26

POLICY

Application

This policy shall apply to The Right Door for Hope, Recovery and Wellness.

1. Intent

The Right Door for Hope, Recovery, and Wellness will adhere to applicable cost principles related to the use of federal and non-federal funds obtained through grants and contracts.

2. Policy

2.1. Expenditures of federal funds will meet the following requirements identified in 2 CFR 200 subpart E. Expenditures shall:

2.1.1. Be necessary and reasonable for the performance of the federal award. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices. When determining whether a cost is necessary, consideration may be given to:

2.1.1.1. Whether the cost is needed for the proper and efficient performance of the grant program.

2.1.1.2. Whether the cost is identified in the approved budget or application.

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2.1.1.3. Whether the cost aligns with identified needs based on results and findings from a needs assessment.

2.1.1.4. Whether the cost addresses program goals and objectives and is based on program data.

2.1.2. Be allocable to the federal award. A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. §200.405.

2.1.3. Be consistent in treatment. Consistent with policies and procedures that apply uniformly to both federally financed and other activities of the agency. A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award

2.1.4. Be adequately documented. All expenditures must be properly documented.

2.1.5. Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.

2.1.6. Not included as a match or cost-share unless the specific federal program authorizes federal costs to be treated as such. Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.

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2.1.7. Be the net of all applicable credits. The term "applicable credits" refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. 2 C.F.R. §200.406.

2.1.8. Follow the guidance as identifies in 2 CFR 200.420-475, Selected Items of Costs. Part 200 examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost) at 2 C.F.R. §§ 200.420-200.475.

2.2. Direct and indirect costs:

2.2.1. Allowable and allocable costs must be appropriately classified as direct or indirect. In general, direct costs are those that can be identified specifically with a particular cost objective while indirect costs are those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. It is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost.

2.2.2. If an indirect cost rate is going to be utilized for charging indirect rates, the rate must first be approved by the applicable approving authority.

References:

2 CFR 200. Uniform Grant Guidance

The Right Door for Hope, Recovery and Wellness

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Deborah McPeek-McFadden, Board Chairperson	Date