

APPENDIX A: COST CATEGORIZATION MATRIX

Category	Expense Type	Expense Description	Allowable	Unallowable	Notes
<i>Direct program expenses must be approved by the funding department and documented in the grant or contract budget. While costs may be allowable, it does not guarantee funding in a particular cost category. Departments and nonprofits have discretion to negotiate funding for cost items appropriate to the delivery of desired programming. Departments may require additional documentation prior to approving certain costs, and may set a cap on the amount of funding available for certain costs based on funding priorities.</i>					
Direct Personnel Expenses	Salaries	Salaries of all program staff, supervisory staff, and support/clerical staff that work directly on programs.	x		
		Bonuses paid to staff.		x	
		Severance payments to former staff.		x	
	Fringe Benefits	Fringe Benefits such as FICA, SUI, health and medical benefits, and retirement benefits.	x		
		Prior fiscal year Fringe Benefits such as vacation, sick, or overtime/compensation time, and taxes or other withholdings related to periods before and after the grant agreement.		x	Unallowable when a nonprofit uses an accrual basis (recommended). If a nonprofit uses a cash basis, the cost of leave is recognized in the period that the leave is taken and paid for, even if earned in the prior year, and this item becomes allowable.
		Lump sum payout of unused vacation or compensatory time		x	When a nonprofit uses accrual-based accounting, the City has already covered the cost of fringe, which then becomes a line in the nonprofit's liability account. If a nonprofit uses a cash basis, payments of unused leave may be allowable as an indirect cost in the year of payment.

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Direct Contract Expenses	Stipends	Stipends, including small amounts paid to someone (often a program participant) for engaging in limited periods of work in support of a funded agency or organization. May include AmeriCorps fees.	x		CDBG funds may not be used for stipends (not allowable). Stipends over threshold amount may be considered salaries.
	Contractual Services	Contractual Services provided to program participants or agency by consultants, independent contractors, or other entities that are non-staff individuals. Professionals provide highly technical or specialized services to the agency or program.	x		Contractual Services may require a supplemental approval process prior to placing costs into the grant budget and the contractor must comply with City standards for subcontract oversight and monitoring.
		Contractual services done by the subcontractor's subcontractor.		x	
Direct Non-Personnel Expenses	Materials and Supplies	Materials and supplies used in the operation of the program and consistent with the type of services provided by the program. Includes project supplies, office supplies, and postage.	x		
	Facilities/ Occupancy	Facilities or occupancy costs associated with building space, rental/lease of space used to run the program, rent for main space and auxiliary space, and costs associated with facility upkeep and maintenance, including janitorial services.	x		
		Facilities or occupancy costs such as property taxes, loans against own property, and security deposits.		x	
	Utilities	Direct Non-Personnel Expenses	x		

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	Equipment	Equipment purchase, lease, and maintenance costs that directly benefit program participants. Includes computers, IT systems, furniture, ongoing or one-time lease, printers, and photocopying equipment. Includes direct costs or percentage allocation of shared equipment used by each program.	x		
		Depreciation on purchased equipment.	x		Certain federal funding sources may restrict use of funding on these costs. Costs must be approved by the awarding department. See Supplemental Guidance for details.
	Transportation/Travel	Transportation and travel costs used for the program. Includes local transportation, out-of-town travel for program purposes, and field work. Includes mileage, vehicle rental, tolls, gas, parking fees, air travel, and ground transportation if staff are required to travel to perform scope of funded services.	x		Out-of-area travel may require a supplemental approval process prior to placing costs into the grant budget.
		Vehicle purchase (and related costs) as required to perform scope of funded services	x		Most departments require a pre-approval process prior to placing vehicle purchase into the grant budget.
		Parking/moving violations.		x	
	Training	Staff development costs used to pay registration or attendance fees for staff to attend workshops or trainings aimed to build capacity for the program. Staff development costs such as out-of-town conference transportation, lodging, food or per diem for staff.	x		Training costs and travel associated with staff development may require a supplemental approval process prior to placing costs into the grant budget.

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	Events and Food	Events and field trip costs related to the program. Includes vehicle rentals for participants, transportation for participants, food/meals for participants, and costs of permits needed for events.	x		CDBG funds may not be used for food or entertainment for participants (not allowable).
		Alcoholic beverages, sugar-sweetened beverages, bottled water, and tips/gratuities.		x	
	Incentives	Incentives for program participants. Includes gift cards, honoraria, and award for participants, speakers, and volunteers.	x		CDBG funds may not be used for incentives (not allowable).
	Insurance	Insurance fees for required insurance policy maintenance costs such as commercial general liability, auto, workers compensation, and event insurance. Includes direct allocation of program-specific policies or percentage allocation of applicable agency-wide insurance costs.	x		
	Tele-communications	Telecommunications costs used for the program. Includes telephone, fax, internet, and cell phones used for programmatic purposes.	x		
	Capital and Mortgage	Capital costs for real property necessary for the delivery of programs.	x		Certain federal funding sources may restrict use of funding on these costs. See Supplemental Guidance for details.
		Mortgage Principal.		x	See Supplemental Guidance for details.
		Mortgage interest fees on real property used in the delivery of programs.	x		Certain federal funding sources may restrict use of funding on these costs. See Supplemental Guidance for details.

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		Mortgage interest attributable to fully depreciated assets.		x	
	Miscellaneous	Professional licenses for staff, if required for program.	x		
		Job posting and finger-printing of staff, if required for program.	x		
At departmental discretion, indirect costs may be capped. If an agency has a federally-approved indirect cost rate, departments will use this rate for federally-funded grants, but may not use that rate in General Fund grants.					
Administrative/ Indirect Expenses	Salaries/ Fringe Benefits	Direct or percentage allocation of Executive Director salary and benefits for time spent in administrative activities (e.g., per functional time sheet or time survey).	x		
		Chief financial officer salary and benefits.	x		
		Contract administration and compliance staff salaries and benefits.	x		
		Other administrative staff salaries.	x		
		Accounting services and bookkeeping.	x		
		Payroll fees and other HR expenses.	x		
		Information technology staff salaries.	x		
		Staff time spent preparing proposals for federal or non-federal grants and contracts.	x		
	Contractual Services	Audit fee.	x		
		Fiscal agent fee.	x		Departments may have caps on the maximum amount of fiscal agent fees that can be included in the budget.

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		Administrative IT system costs (e.g., QuickBooks).	x		
		Website design, maintenance, or hosting services.	x		
	Materials and Supplies	Office supplies or percentage allocation of office supplies used by administrative staff.	x		
		Materials and supplies associated with board meetings.	x		
	Facilities/Utilities	Percentage allocation of rent and utilities used by administrative staff.	x		
		Depreciation on real property	x		See Supplemental Guidance for details.
	Equipment	Percentage allocation of equipment used by administrative staff; depreciation on purchased equipment.	x		
	Transportation/Travel	Transportation expenses incurred by administrative staff.	x		
	Insurance	Percentage allocation of insurance fees for required insurance policy maintenance costs such as commercial general liability, auto, workers compensation, and event insurance.	x		
		Directors and Officers insurance fees.	x		

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	Training	Staff development costs used to pay registration or attendance fees for staff to attend workshops or trainings aimed to build capacity for the agency overall (e.g., attended by finance or HR staff).	x		
	Events	Agency-wide events without specific program benefit (e.g., open house). Events and field trip costs for events that only benefit staff members, such as staff recognitions, celebrations, events attended by staff only, food for staff, and staff meals at restaurants.	x		
	Tele-communications	Percentage allocation of telecommunications costs for administrative staff.	x		
	Miscellaneous	Nominal bank charges such as those required for maintaining a checking account.	x		
		Bank fees such as interest, late/penalty fees, non-sufficient service fee/overdraft fees, cash advance fee, foreign exchange fees, and credit card fees.		x	
		Personal costs.		x	
		Religious workshops, instruction or proselytization.		x	
		Bad debts including losses and related collection and legal costs.		x	
		Political activities.		x	

Category	Expense Type	Expense Description	Allowable	Unallowable	Notes
<i>Fundraising expenses are never allowable in City grants or contracts unless the program objective for the City grant is defined as fundraising and/or development capacity building. Departments may offer grants specific to supporting or enhancing nonprofit capacity and in these cases any of the following costs may be allowable as direct program costs. When the program objective is not specific to fundraising activities, fundraising expenses are unallowable per federal guidelines.</i>					
Fundraising Expenses	Salaries/ Fringe Benefits	Development Director or other staff with fundraising as a primary job role.		x	
		Direct or percentage allocation of Executive Director salary and benefits for time spent in fundraising activities (e.g., per functional time sheet or time survey).		x	
	Contractual Services	Fundraising consultant fees.		x	
	Materials and Supplies	Office supplies (including postage) or percentage allocation of office supplies used by fundraising staff.		x	
	Facilities/Utilities	Percentage allocation of rent and utilities used by fundraising staff.		x	
		Space rental for fundraising events.		x	
	Equipment	Percentage allocation of equipment used by fundraising staff.		x	
	Transportation/ Travel	Transportation expenses incurred by fundraising staff.		x	
	Insurance	Percentage allocation of insurance fees for required insurance policy maintenance costs such as commercial general liability, auto, workers compensation, and event insurance.		x	
	Training	Staff development costs used to pay registration or attendance fees for staff to attend workshops or trainings aimed to build capacity for fundraising.		x	
	Events	Fundraising event costs.		x	
	Tele-communications	Percentage allocation of telecommunications costs for fundraising staff.		x	