

**NAHASDA PROGRAM: 2 CFR PART 200 SUBPART E  
COST PRINCIPLES-ALLOWABILITY OF COSTS**

REFERENCE	COST TYPE	DESCRIPTION
200.421	ADVERTISING	<b>ALLOWABLE</b> if costs are incurred for recruitment of staff or trainees, procurement of goods and services, and other specific purposes necessary to meet the requirements of the NAHASDA-supported project or activity.
200.421	PUBLIC RELATIONS	<b>ALLOWABLE</b> 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.
200.422	ADVISORY COUNCILS	<b>ALLOWABLE</b> for Advisory councils or committees such as Finance Committees or Investment committees,
200.423	ALCOHOLIC BEVERAGES	<b>UNALLOWABLE.</b>
200.425	AUDIT SERVICES	<b>ALLOWABLE.</b> Periodic financial review is also allowable under NAHASDA. See §1000.546.
200.426	BAD DEBTS	<b>UNALLOWED</b> - Bad debt and related collection and legal costs.
200.427	BONDING COSTS	<b>ALLOWABLE</b> when HUD requires it to protect its interest, or as a general condition of the award. Bonding costs for NFEs are also allowable in the general conduct of its business.
200.428	COLLECTION OF IMPROPER PAYMENTS	<b>ALLOWABLE.</b> For example, recovery of rental assistance payment to tenant deemed ineligible for the assistance.
200.430	COMPENSATION-PERSONAL SERVICES	<b>ALLOWABLE</b> costs to the extent that the amount is reasonable in relation to the work performed.  <b>ALLOWABLE</b> 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)(20)
200.431	COMPENSATION-FRINGE BENEFITS	<b>ALLOWABLE</b> as part of the overall compensation to employees in proportion to the amount of time or effort in relation to the work performed.  <b>UNALLOWABLE: Automobile costs</b> for personal use are unallowable, regardless of whether the cost is reported as taxable income to the employees.

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200.432	CONFERENCES	<b>ALLOWABLE.</b> (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 <b>IDENTIFYING</b> - but not providing - locally dependent care services.
200.433	CONTINGENCY PROVISIONS	<b>ALLOWABLE</b> 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) is must be verifiable in the NFE's financial records.
200.434	CONTRIBUTION AND DONATIONS	<b>UNALLOWABLE</b> for costs of contribution and donations, including cash, property, and services from the non-Federal entity to other entities.
200.435	DEFENSE AND PROSECUTION OF CRIMINAL AND CIVIL PROCEEDINGS, CLAIMS, APPEALS, AND PATENT INFRINGEMENTS	<p><b>ALLOWABLE</b> if they are necessary and reasonable and authorized cost of the program.</p> <p><b>UNALLOWABLE</b> if the non-Federal entity incurs legal costs to defend itself for illegal, violations and noncompliance and against whistleblowers.</p>
200.436	DEPRECIATION	<p>GAAP requires the depreciation of all fixed assets (with some exceptions such as land ) for presentation in the financial statement. Depreciation method for fixed assets shall not be changed without approval of HUD or, if charged through a cost allocation plan. See §1000.26(b)(1)(i).</p> <p><b>ALLOWABLE</b> for NAHASDA to be charged Depreciation for the use of NON-OWNED asset through an allocation plan or indirect cost rate.</p> <p><b>UNALLOWED</b> to be reimbursed with NAHASDA grant funds for depreciation on an asset purchased with NAHASDA grant funds.</p> <p><b>REQUIRES HUD'S PRIOR APPROVAL</b> if depreciation method for fixed asset is changed. See §1000.26(b)(1)(i).</p>

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200.437	<b>EMPLOYEE HEALTH AND WELFARE COSTS</b>	<p><b>ALLOWABLE</b> if costs incurred is in accordance with the Tribe/TDHE's <b>DOCUMENTED POLICIES</b> for the improvement of working conditions, employer-employee relations, employee health and employee performance. Changed from Employee morale, health, and welfare costs.</p> <p><b>UNALLOWABLE</b> are costs associated with <b>Employee Morale</b>. For example, a company picnic for employees and family members.</p>
200.438	<b>ENTERTAINMENT COSTS</b>	<p><b>GENERALLY UNALLOWABLE.</b> This includes the cost of amusements, social activities, and related incidental costs.</p> <p><b>ALLOWABLE ONLY</b> 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.</p>
200.439	<b>EQUIPMENT AND OTHER CAPITAL EXPENDITURES</b>	<p><b>ALLOWABLE AND DOES NOT REQUIRE HUD PRIOR APPROVAL.</b> Rule of Allowability applies. [NOTE: Must conduct physical inventory at least once every 2 years].</p>
200.441	<b>FINES, PENALTIES, DAMAGES AND OTHER SETTLEMENTS</b>	<p><b>UNALLOWABLE</b> costs to the NAHASDA Program. Refer to §1000.26(b)(1)(ii).</p>
200.442	<b>FUNDRAISING and</b>	<p><b>ALLOWABLE AND DOES NOT REQUIRE HUD PRIOR APPROVAL. ONLY</b> if fundraising costs are for the purposes of meeting program objectives.</p> <p><b>UNALLOWABLE</b> if costs 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.</p>
	<b>INVESTMENT MANAGEMENT COSTS</b>	<p><b>ALLOWABLE.</b> Costs of investing HUD approved IHBG grant funds, including costs related to the physical custody and control of the investment.</p>
200.443	<b>GAINS AND LOSSES ON DISPOSITION OF DEPRECIABLE ASSETS</b>	<p>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.</p>

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200.444	GENERAL COST OF GOVERNMENT	<p><b>UNALLOWABLE.</b></p> <p><b>EXCEPTION - ALLOWABLE ONLY for Indian tribes and Councils of Governments (COGs) (see section 200.64 Local Governments),</b> the portion of salaries and expenses <b><u>directly attributable to managing and operating Federal programs</u></b> by the chief executive and his or her staff is allowable. Up to 50% of these costs can be included in the <b><u>indirect cost</u></b> calculation without documentation.</p>
200.445	GOODS OR SERVICES FOR PERSONAL USE	<p><b>UNALLOWABLE.</b></p> <p><b>EXCEPTION-ALLOWABLE ONLY WITH HUD'S PRIOR APPROVAL</b> - costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses regardless of whether reported as taxable income to the employees.</p>
200.447	INSURANCE AND INDEMNITY	<p><b>ALLOWABLE.</b></p> <p>(1) Section 203(c) of NAHASDA requires that TDHEs maintain adequate insurance coverage for housing units that they are owned, operated, or assisted with NAHASDA grant funds.</p> <p>(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.</p> <p>(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.</p> <p><b>UNALLOWABLE</b></p> <p>(1) Actual losses which could have been covered by permissible insurance are generally unallowable.</p> <p>(2) Cost of insurance against defects are unallowable. <b>See also §1000.136,138,139,140,141,143,144.</b></p>

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200.449	INTEREST	<p><b>ALLOWABLE.</b></p> <p>(1) Financing costs (including interest) to acquire, construct, or replace capital assets are allowable.</p> <p>(2) Cost of interest for approved loan guaranteed under the Title VI Loan guaranteed loan program.</p>
200.450	LOBBYING	<b>UNALLOWABLE.</b>
200.451	LOSSES ON OTHER AWARDS OR CONTRACTS	<b>UNALLOWABLE.</b> Cannot transfer excess cost of another award or contract to IHBG grant for payment.
200.452	MAINTENANCE AND REPAIR COSTS	<p><b>ALLOWABLE.</b></p> <p><b>EMPHASIS:</b> These costs are only allowable to the extent not paid through rental or other agreements.</p> <p><b>EXCEPTION:</b> 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.</p>
200.453	MATERIALS AND SUPPLIES COSTS	<b>ALLOWABLE.</b> Costs incurred for materials, supplies, and fabricated parts necessary for the NAHASDA program.
200.454	MEMBERSHIPS, DUES, SUBSCRIPTIONS	<p><b>ALLOWABLE.</b> Costs for membership in business technical and professional organizations, subscriptions to business, professional and technical periodicals, and membership in any civic or community organizations.</p> <p><b>UNALLOWABLE.</b> Cost of membership in organizations whose primary purpose is lobbying are unallowable. See also section §200.450 Lobbying.</p>
200.456	PARTICIPANT SUPPORT COSTS	<b>ALLOWABLE.</b> Direct costs for stipends, subsistence allowances, travel, registration fees, for conferences and training projects. <b>(NOT EMPLOYEES)</b>
200.457	PLANT AND SECURITIES COSTS	<b>ALLOWABLE.</b> Necessary and reasonable expenses incurred for protection and security of facilities and personnel.

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200.458	PRE-AWARD COSTS	<p><b>ALLOWABLE.</b></p> <p>(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.</p> <p>(2) If charged to the award, must be charged to the initial budget period of the award.</p>
200.459	PROFESSIONAL SERVICE COSTS.	<p><b>ALLOWABLE.</b> Costs of professional services and consultants and must meet the Rule of Allowability.</p>
200.460	PROPOSAL COSTS	<p><b>ALLOWABLE.</b> Costs of preparing bids, proposals, or applications for federal awards in support of the NAHASDA program.</p>
200.461	PUBLICATION AND PRINTING COSTS	<p><b>ALLOWABLE.</b> Costs of electronic and print media, including distribution, promotion, and general handling.</p>
200.462	REARRANGEMENT AND RECONVERSION COSTS	<p><b>ALLOWABLE.</b></p> <p>(a) Costs incurred for ordinary and normal rearrangement, modification, and alteration of facilities.</p> <p>(b) Special arrangements and alterations costs incurred specifically for a Federal award.</p>
200.463	RECRUITMENT COSTS	<p><b>ALLOWABLE.</b></p> <p>(1) If recruitment cost is incurred according to the TDHE's standard recruitment program and costs and employment agencies are not more than standard commercial rates for such services.</p> <p>(2) If any form of compensation (fringe benefits, salary allowance) meets test of reasonableness.</p> <p><b>UNALLOWABLE.</b></p> <p>If employee resigns for reasons within the employee's control within 12 months after hire, the relocation cost is unallowable and costs paid with federal grant must be repaid. TDHE must seek repayment from the employee.</p>

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200.464	<b>RELOCATION COSTS OF EMPLOYEES</b>	<p>Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period exceeding 12 months) <b>of an existing employee or upon recruitment of a new employee.</b></p> <p><b>ALLOWABLE subject to:</b></p> <ol style="list-style-type: none"> <li>(1) the move is for the benefit of the employer.</li> <li>(2) reimbursement to the employee is <u>in accordance with an established written policy consistently followed by the employer.</u></li> <li>(3) the reimbursement does not exceed the employee's actual (or reasonably estimated) expenses.</li> </ol> <p>Relocation costs for <b>current employees</b> are allowable, but limited for:</p> <ol style="list-style-type: none"> <li>1. the costs of transportation of household, and personal effects to the new location.</li> <li>2. the costs of finding a new home.</li> <li>3. closing costs, of former home</li> <li>4. the continuing costs of ownership (for up to six months) of the vacant former home.</li> <li>5. other necessary and reasonable expenses normally incident to relocation.</li> </ol>
200.465	<b>RENTAL COSTS OF REAL PROPERTY AND EQUIPMENT</b>	<p><b>ALLOWABLE.</b></p> <p>Some restrictions apply when there is less than arms-length lease is involved.</p>
200.467	<b>SELLING AND MARKETING COSTS</b>	<p><b>ALLOWABLE</b> 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.</p>
200.470	<b>TAXES (including Value Added Tax)</b>	<p><b>ALLOWABLE.</b></p> <ol style="list-style-type: none"> <li>(1) Taxes legally required to pay, except for taxes that disproportionately affect federal programs.</li> <li>(2) User fees (gasoline taxes, motor vehicle fees).</li> </ol> <p>NOTE: NAHASDA Program - <b>§1000.242 -246 and Sec. 101 of NAHASDA: EXEMPT FROM TAXATION-</b> Rental Housing and lease-purchase homeownership units assisted with IHBG units. <b>Payment in Lieu of Taxes (PILOT)</b> may be negotiated under a Cooperation Agreement between the Tribe/TDHE and the</p>

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		local government to compensate the local government for service costs.
<b>200.471</b>	<b>TELECOMMUNICATION COSTS AND VIDEO SURVEILLANCE COSTS</b>	<p><b>ALLOWABLE.</b> Costs incurred for telecommunications and video surveillance services or equipment such as phones internet, video surveillance, cloud servers.</p> <p><b>UNALLOWABLE.</b> Procured, contracted or obtained equipment, services and systems from entities described in <b>§200.216 – Prohibition on certain telecommunications and video surveillance services or equipment.</b></p>
<b>200.472</b>	<b>TRAINING AND EDUCATION COSTS</b>	<b>ALLOWABLE.</b> The cost of training and education provided to employee development is allowable.
<b>200.473</b>	<b>TRANSPORTATION COSTS</b>	<b>ALLOWABLE.</b> Costs incurred for freight, express, cartage, postage, and other transportation services relating either to goods purchased, in process, or delivered.
<b>200.474</b>	<b>TRAVEL COSTS</b>	<p><b>ALLOWABLE</b> – Travel costs for official business.</p> <p>1. <u>Temporary dependent care costs above and beyond regular dependent care</u> - <b>allowable provided that:</b>            (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.</p> <p>2. Commercial air travel: airfare costs <u>in excess of the basic least expensive unrestricted accommodations class</u> offered by a commercial airlines are <b>unallowable except</b> when such accommodations would:</p> <ul style="list-style-type: none"> <li>(i) require circuitous routing;</li> <li>(ii) require travel during unreasonable hours;</li> <li>(iii) excessively prolong travel;</li> <li>(iv) result in additional costs that would offset the transportation savings; or</li> <li>(v) offer accommodations not reasonably adequate for the traveler's medical needs. first-class or business-class airfare must be justified to be allowable.</li> </ul>
<b>200.475</b>	<b>TRUSTEES</b>	<b>ALLOWABLE.</b> Travel and subsistence costs of trustees or Council members or Board of Commissioners costs.