

I. Cost principles allowability

Instructions

- Determine allowability and the applicable 2 CFR 200 section.
- All items of costs on the table are treated as direct charges.

Item of Cost	(Allowable / Unallowable)	2 CFR 200 Citation
1. Full salary for the project director’s secretary. The PD will dedicate 5% to the project.		
2. A trip for 1 student from USA to Dubai to present a poster on a chemistry convention at a cost of \$15,000.00.		
3. Computer server at a cost of > \$5,000.00 to be used for the analysis of a population’s genetic profile.		

II. Budget reviewing

Scenario

ABC Tech, a non-for-profit organization is developing the budget to compete for an outreach project for the development of a community technology center on a low income area. The center goals are to train community members on web technologies and to counsel them on opportunities available to them through the internet like jobs, business opportunities, services, etc. To complete the objectives of the grant the organization included 5 outreach/training specialists, 1 web designer, 1 data entry clerk. Additionally to the training sessions, the proposal considers other outreach activities like brochures printing, a kickoff event that includes lunch for 50 members of the focus community and a marketing campaign to attract participants. The organization has an F&A negotiated rate of 40% based on the modified total direct costs (MTDC), however the program has a statutory rate of 15% of MTDC.

Budget

Item of Cost	Cost
Project director’s salary	\$45,000
Web developer’s salary	\$30,000
Outreach/Training Specialist’s salaries	\$125,000
Fringe benefits (principals)	\$80,000
Administrative clerk	\$20,000
Fringe benefits (clerk)	\$4,000
Outreach/Training Specialist’s productivity bonuses	\$5,000
Development workstation	\$55,000
Lunch Cost (kickoff activity)	\$5,000
Monthly staff meeting activities on a bowling alley	\$6,000
Printer	\$5,000
Office materials	\$10,000
Computers (quantity 20)	\$20,000
Printed materials	\$5,000
Advertisement	\$60,000
F&A costs	\$71,850

Questions

A. Review all budget items of costs and identify those where you think there may be an allowability issue.

B. For the items of costs identified on part A of this section; how would you improve the narrative of the proposal in order to justify those costs? What changes are required in the budget to address all issues?