

Allowable and Unallowable Costs

Item of Cost	OMB A-87 (Governmental Entities)		OMB A-122 (Nonprofits)	
	<i>Unallowable</i>	<i>Allowable</i>	<i>Unallowable</i>	<i>Allowable</i>
Accounting		✓	N/A	
Advertising and public relations		✓ *		✓ *
Advisory councils		✓ **	N/A	
Alcoholic beverages	✓		✓	
Audit services		✓ *	N/A	
Automated electronic data processing		✓	N/A	
Bad debts	✓ ****		✓	
Bonding		✓		✓
Budgeting		✓	N/A	
Communications		✓		✓
Compensation, personnel services		✓ *		✓ *
Contingency provisions/reserves	✓		✓	
Contributions (to others)	✓		✓	
Defense & prosecution of criminal & civil proceedings & claims		✓ *		✓ *
Depreciation, use allowance		✓		✓
Disbursing service		✓	N/A	
Donations (from others)	N/A		✓	
Employee morale, health, welfare		✓		✓
Entertainment	✓		✓	
Equipment and other capital exp.		✓		✓ *
Fines, penalties		✓ **		✓ **
Fringe benefits	See Compensation			✓
Fund raising	✓		✓	
Investment management		✓ *	✓	
Goods or services for personal use	N/A		✓	
Housing and personal living expense	N/A			✓ ***
Gains and losses on disposition of property		✓	N/A	
General government expenses	✓		N/A	
Idle facility, idle capacity		✓ *		✓ *
Insurance & indemnification		✓ *		✓ *
Interest		✓ *		✓ *
Labor relations	N/A			✓
Lobbying	✓		✓	
Losses on other awards	N/A		✓	
Maintenance, operations, and repair		✓		✓
Materials and supplies		✓		✓
Memberships, meetings and conferences subscriptions, professional activities		✓ *		✓ *
Motor pools		✓	N/A	
Organization costs	N/A			✓ **
Overtime, shift premiums	See Compensation			✓ *
Page charges in professional journals (research)	N/A			✓
Participant support costs	N/A			✓ **

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Patent costs	N/A			✓ *
Pension plans	See compensation			✓
Plant security	N/A			✓
Pre-award costs		✓ **		✓ **
Professional services		✓		✓
Proposal costs		✓	N/A	
Profits, losses on asset disposition	N/A		✓	
Publication and printing as direct cost		✓		✓ **
Publication and printing as indirect cost		✓		✓
Rearrangement and alteration, if ordinary		✓		✓
Rearrangement and alteration, if specific to the project		✓ **		✓ **
Reconversion costs		✓		✓
Recruiting	N/A			✓
Relocation	N/A			✓ *
Rental		✓ *		✓ *
Royalties, use of patents, copyrights	N/A			✓
Selling and marketing	N/A			✓ ***
Severance pay	N/A			✓
Specialized service facilities	N/A			✓
Taxes		✓ *		✓
Termination-related costs	N/A			✓
Training and education		✓		✓
Transportation	N/A			✓
Travel - Local		✓		✓
Travel - Foreign	N/A			✓ **
Trustees	N/A			✓
Under recovery of costs under Federal agreements	✓		N/A	

N/A - not applicable (not specifically addressed in the circular)

* *Allowable under limited circumstances.*

** *Allowable only with prior permission from the awarding agency.*

*** *Allowable only as a direct cost with permission from the awarding agency.*

**** *Unallowable unless provided for in Federal program award regulations.*

Source: *Show Me the Money: Financial Management for Participating Jurisdictions*, training course developed for HUD's Office of Community Planning and Development