

VI. Criteria for Cost Share:

- A. According to OMB Circular A-110, Subpart C, Section 23 (See Exhibit A), all expenses, including those provided by FAU and by third parties, shall be accepted as cost share when they meet **ALL** of the following criteria. The expenses must:
1. be verifiable from the recipient's records.
 - a. Cost share contributed by FAU accumulates and is recorded in separate, unique cost share accounts. The University's accounting system provides a record of the cost share that satisfies these criteria.
 - b. Cost share contributed by a third party is documented with a letter from the third party. Third parties should use the guidelines in OMB Circular A-110 to value donated goods and services.
 - c. Indirect costs that are part of cost share do not post in the University's accounting system. Rather, Research Accounting computes the amount of indirect costs, based on the approved indirect cost rate and base, and documents these costs in the file.
 2. not be included as cost share for any other project. In other words, cost share can only be counted once. Posting FAU's contribution in a separate, unique cost share account prevents using the same cost share dollars on more than one project.
 3. be necessary for the accomplishment of the program objectives. It is not acceptable to meet a cost share requirement with costs that are not related to the project. In other words, the costs must be allocable to the project.
 4. be reasonable for the project. The cost must reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made.
 5. be allowable, as required by OMB Circular A-21, the award terms and conditions, and the University's guidelines. The cost share expenses must follow the same cost principles as the costs incurred in the FAU Project Account. In other words, if the expense cannot be charged to the FAU Project Account because they are unallowable, they cannot be charged to the cost share account.
 6. not be paid by the federal government under another award, unless approved in writing by the federal government. The source account that is funding the cost share, as stated on the Institutional Contribution Statement, cannot be a federal or federal flow through account. Federal accounts end in 42 and federal flow through accounts ending in 41.

7. be incurred during the effective dates of the award. Costs incurred outside the project period cannot be used as cost share, as cost share is part of the total project costs and each project has one project period.
8. be provided for in the approved budget when required by the Federal awarding agency.
9. Unrecovered indirect costs may be included as part of cost share only with prior approval of the Federal awarding agency. If the PI wants to use unrecovered indirect costs as part of the cost share, these costs must be explicitly stated in the proposal budget. If the sponsor approves the budget, Research Accounting will compute these costs and include them as part of the cost share met.

B. Examples of Expenses that are **Acceptable** as Cost Share:

1. Faculty and staff effort on the project (salaries)
2. Associated fringe benefits
3. Equipment purchased during the project period to be used exclusively on the project
4. Travel necessary for the project
5. Supplies and services directly related to the project
6. Associated F&A costs
7. Subcontractor's cost share contribution
8. Third party contributions, valued in accordance with the guidelines included in OMB Circular A-110, Subpart C, Section 23
9. Unrecovered Indirect Costs, if explicitly approved by the sponsor

C. Examples of Expenses that are **NOT Acceptable** as Cost Share:

1. Costs associated with the use of University space, as these costs are reimbursed by application of the F&A cost rates
2. The use of existing equipment, as these costs are reimbursed by application of the F&A cost rates
3. Expenses that are not necessary for the project
4. Expenses that are considered to be unallowable by OMB Circular A-21, Section J, such as:
 - a. alcohol
 - b. entertainment
 - c. fines and penalties
 - d. memberships in civic/social organizations
 - e. losses (cost over-runs) on other sponsored projects
 - f. goods or services for personal use of employees
 - g. bad debts

- h. contingency provisions

The above list is not exhaustive.

- 5. Expenses that are typically considered to be part of F&A costs, according to OMB Circular A-21, F. 6. b, such as:
 - a. clerical and administrative salaries
 - b. office supplies
 - c. postage
 - d. local telephone calls
 - e. memberships and subscriptions
 - f. general purpose equipment
 - g. general purpose software

However, non-federal projects may allow such costs, depending on the Terms and Conditions of the award.

- 6. Program Income may not be used as cost share unless specifically authorized in the award document, or by other program policies or guidelines.
- 7. Costs included as cost share on another project
- 8. Cost incurred outside the project period
- 9. Unrecovered F&A costs, unless specifically approved by the sponsor
- 10. Costs funded by a Federal award, unless the Federal sponsor approves of the use of its funds as cost share for the project
- 11. Salaries in excess of regulatory caps, such as NIH.