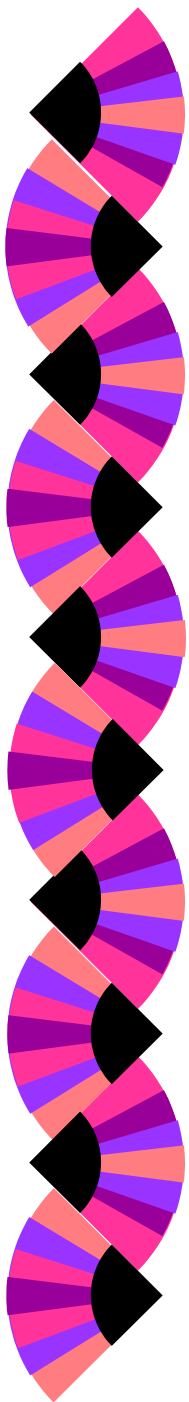




*OMB Circular A-122*  
*Attachment B*

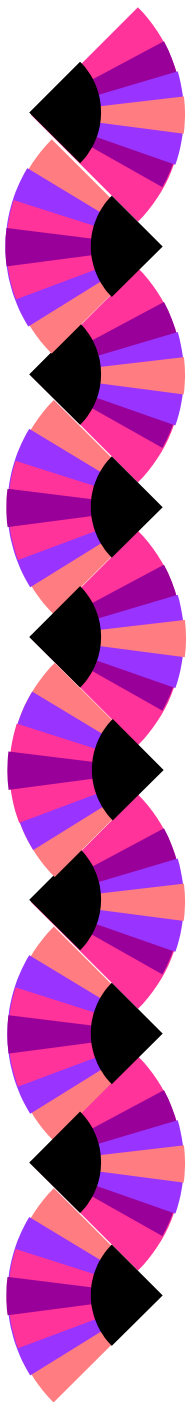
**Attachment 9**

**Answers to the True / False  
Exercise**



# *True or False*

- ▶ **Payments for authorized leave are allowable, provided such costs are absorbed by all organization activities in proportion to the relative amount of time or effort actually devoted to each.**
- ▶ **True**
- ▶ **Attachment B 7 f. (1)**



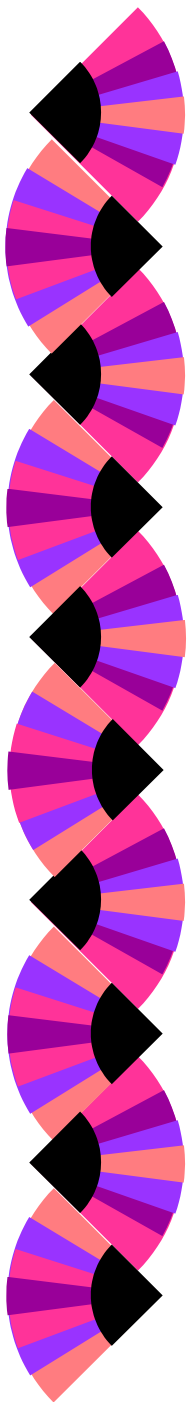
# *True or False*

- **The Circular has been revised to allow "light alcoholic" beverages.**
- **False.**
- **Attachment B 2.**



# *True or False*

- **Costs associated with reorganizing are allowable without awarding agency approval if the costs are all related to payments to parties outside the organization.**
- **False**
- **Attachment B 31.**



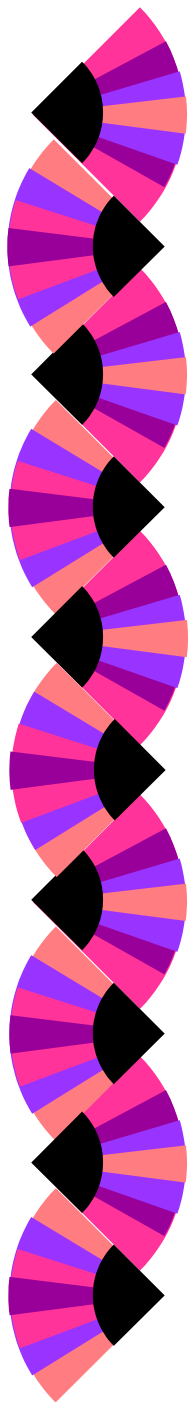
# *True or False*

- ▶ **Advertising costs associated with the disposal of surplus materials are not allowable where all disposal costs are reimbursed based on a standard rate as specified in the grants management common rule.**
- ▶ **True**
- ▶ **Attachment B 1. c (3).**



# *True or False*

- **Charges for use allowances or depreciation must be supported by adequate property records and physical inventories must be taken at least every 3 years.**
- **False**
- **Attachment B 11 g. Two years**



# *True or False*

- **Public relations costs are allowable for the costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other events.**
- **False**
- **Attachment B 1.f. (ii)**



# *True or False*

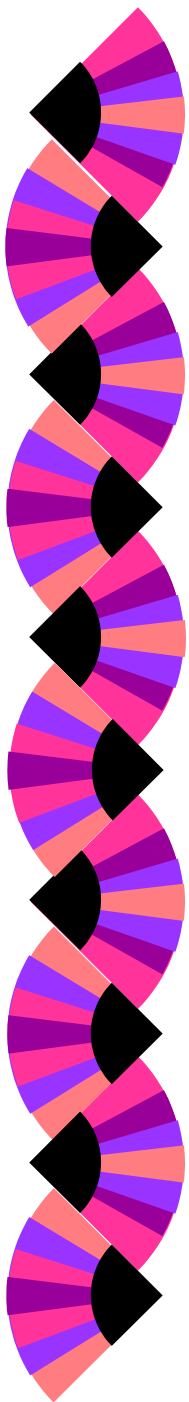
- **The cost of data processing services is allowable.**
- **True**
- **Attachment B 39.**





# *True or False*

- **The costs associated with E-mail and cellular phones is unallowable.**
- **False**
- **Attachment B 6. Reasonableness and necessity may be key here.**



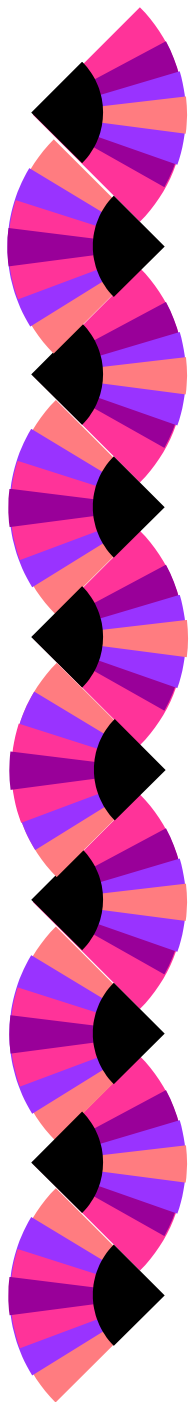
# *True or False*

- ▶ **Fines and penalties incurred by an organization as a result of compliance with specific provisions of an award or instructions in writing from the awarding agency are allowable.**
- ▶ **True**
- ▶ **Attachment B 16.**



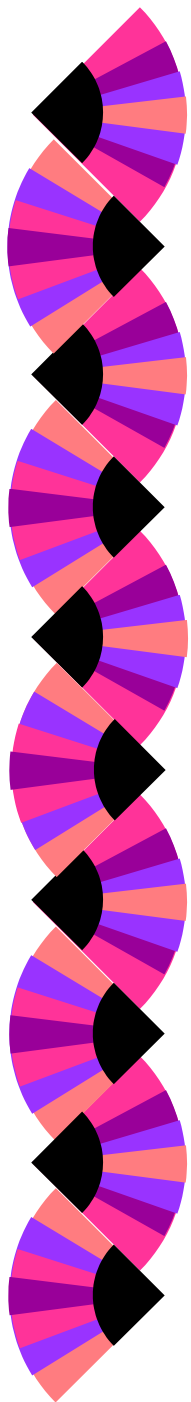
# *True or False*

- ▶ **Accrual of costs to cover abnormal or mass severance pay is conjectural in nature but is allowable when charged as an indirect cost.**
- ▶ **False**
- ▶ **Attachment B 49. Abnormal or mass severance pay will be considered on a case by case basis.**



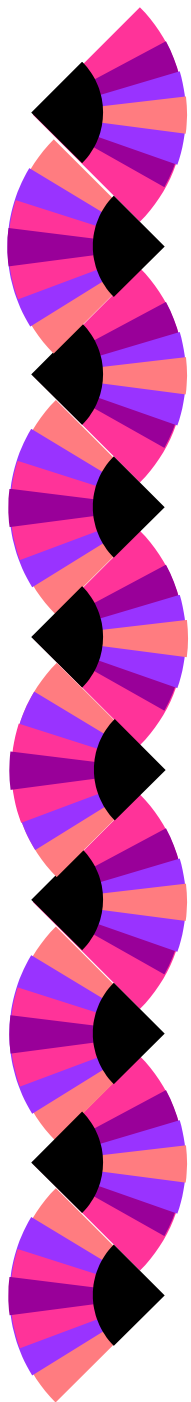
# *True or False*

- ▶ Pension costs calculated using a GAAP actuarial method are allowable for a given fiscal year if they are funded for that year within 12 months after the end of that year.
- ▶ False
- ▶ Attachment B 7. h. (d) They must be funded within 6 months of the end of the fiscal year.



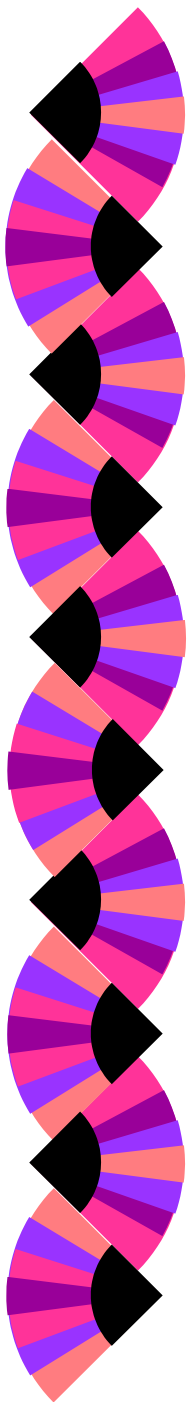
# *True or False*

- **The value of donated services is now reimbursable as either a direct or indirect cost.**
- **False**
- **Attachment B 12. The value of donated services may be used to meet cost sharing or matching requirements.**



# *True or False*

- **The use allowance for equipment will be computed at an annual rate not exceeding  $6 \frac{2}{3}$  % of acquisition cost.**
- **True**
- **Attachment B 11 d.**



# *True or False*

- **Cost of entertainment, including amusement diversion and social activities are allowable as long as the governmental unit has a written "no smoking" policy.**
- **False**
- **Attachment B 14**



# *True or False*

- **The cost of organized fund raising to save animals covered under the "Endangered Species Act of 1998" are allowable.**
- **False**
- **Attachment B 23 d.**





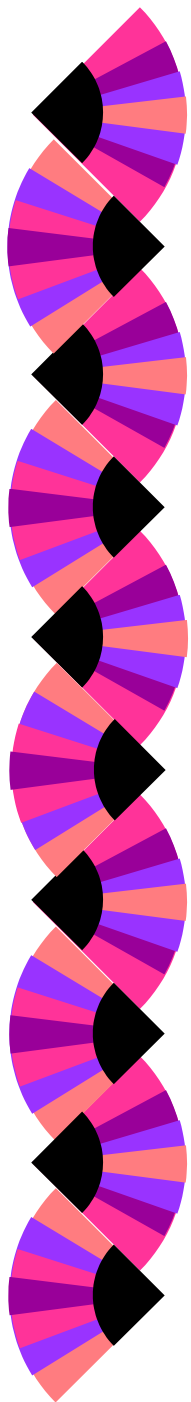
# *True or False*

- ▶ **That portion of the cost of organization-furnished automobiles that relates to personal use is allowable as a fringe benefit cost if it is reported as taxable income.**
- ▶ **False**
- ▶ **Attachment B 7. g.**



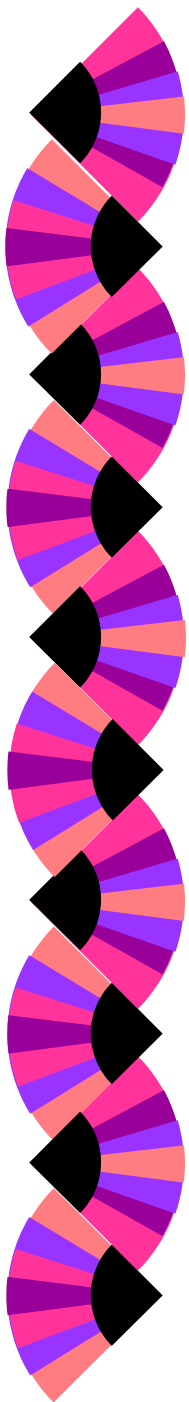
# *True or False*

- **Because of the projected federal budget surplus, the Circular was amended to allow federal programs to pay for the under-recovery of indirect cost by programs that do not pay their "fair share" of indirect costs.**
- **False**
- **Attachment B 26.**



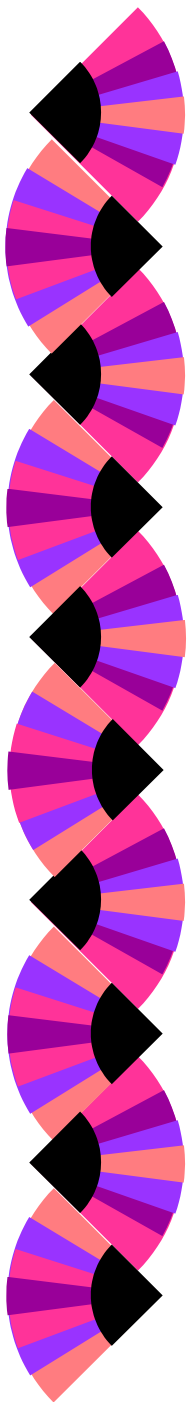
# *True or False*

- **The cost of recreational facilities is allowable.**
- **True.**
- **Attachment B 13. Income generated from any of these activities will be offset against expenses.**



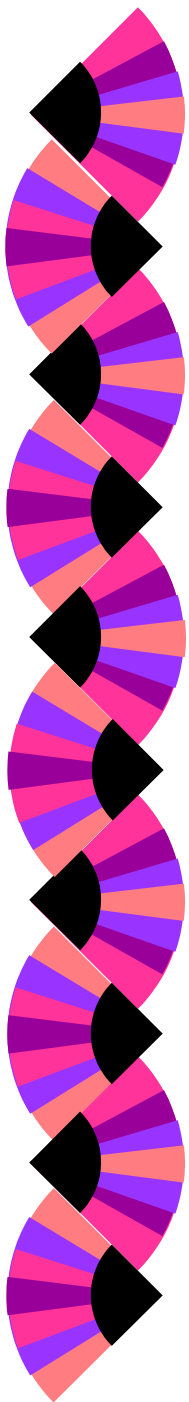
# *True or False*

- ▶ **The costs of commercial insurance that protects against the costs of the contractor for correction of the contractor's own defects in materials or workmanship are allowable.**
- ▶ **False**
- ▶ **Attachment B 22. a. (2) (f)**



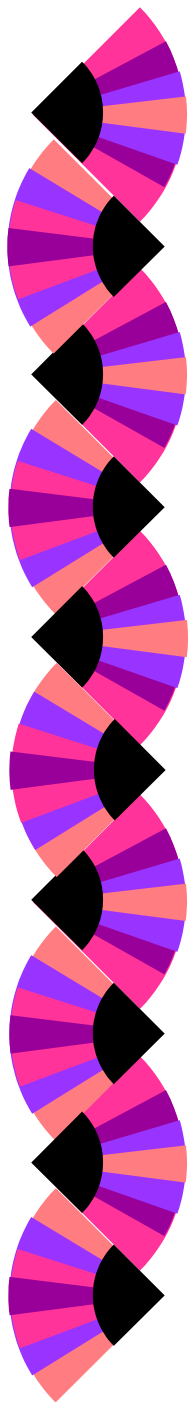
# *True or False*

- **Costs of idle facilities are allowable if they are necessary to meet fluctuations in workload.**
- **True**
- **Attachment B 20. b. (1)**



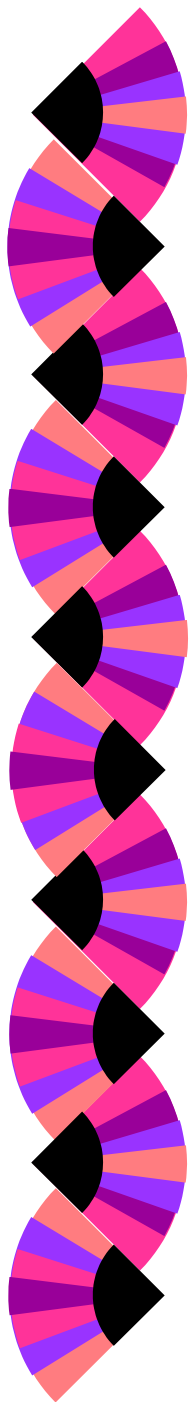
# *True or False*

- **Premium for overtime pay for employees performing indirect functions are allowable without prior federal approval.**
- **True**
- **Attachment B 32 b.**



# *True or False*

- **Costs of membership in any civic or community organization are allowable with prior approval by the Federal cognizant agency.**
- **True**
- **Attachment B 30 d.**



# *True or False*

- ▶ **Employee counseling services are unallowable because these types of expenses are considered to be of a "personal" nature and not chargeable to Federal awards.**
- ▶ **False**
- ▶ **Attachment B 13.**





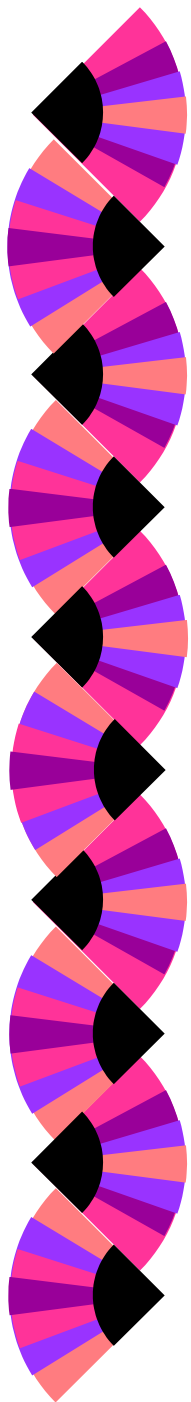
# *True or False*

- **Costs incurred in maintaining satisfactory relations between the organization and its employees, including costs of labor management committees, employee publications, and other related activities are allowable.**
- **True**
- **Attachment B 24. Allowable labor relations**



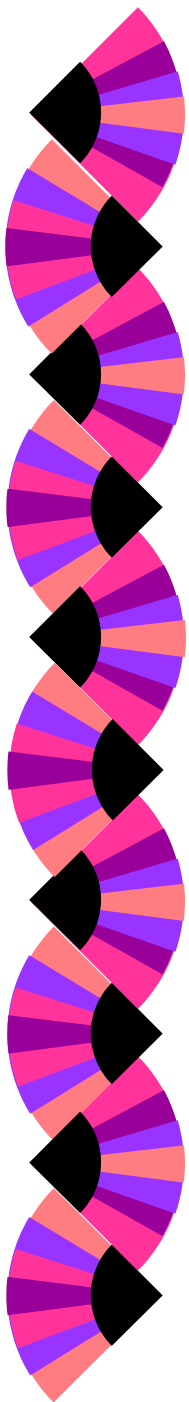
# *True or False*

- **Costs associated with the collection of bad debts, when related to the organization's indirect cost staff, are allowable as indirect costs.**
- **False.**
- **Attachment B 3.**



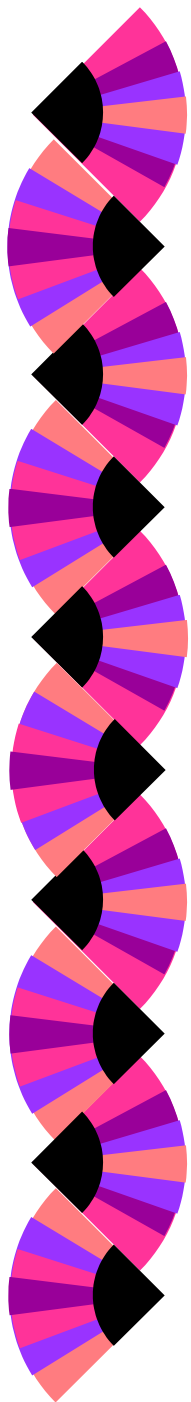
# *True or False*

- ▶ **Professional and consultant services rendered by persons or organizations that are members of a particular profession that renders services contingent upon recovery of costs from the Federal Government are allowable.**
- ▶ **False**
- ▶ **Attachment B 39. "Contingent upon recovery" makes this unallowable.**



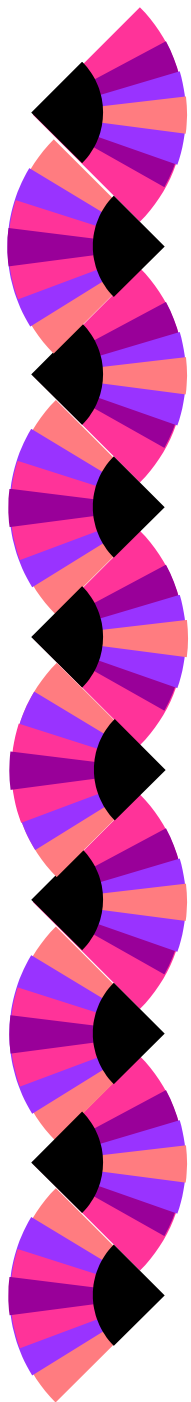
# *True or False*

- ▶ **Recovery of indirect cost has been capped at 26%.**
- ▶ **False**



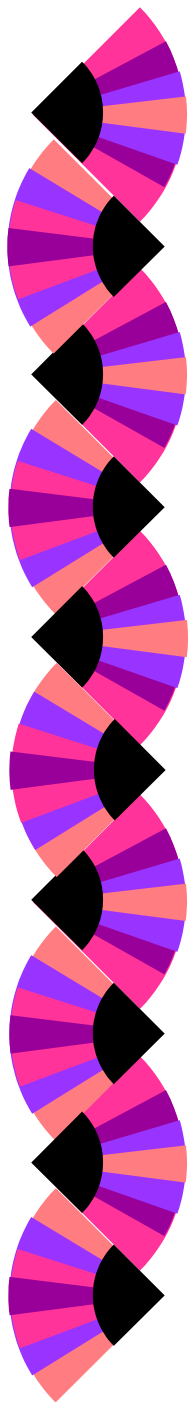
# *True or False*

- **Organizations that receive more than 10 million in Federal funding of direct cost in a fiscal year must breakout indirect cost into administration and facilities.**
- **True**
- **Attachment A.**



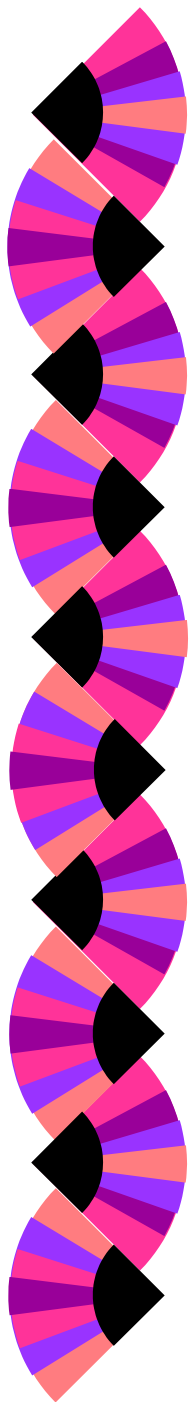
# *True or False*

- **Costs incurred to restore a unit's facilities to approximately the same condition existing prior to the commencement of Federal awards, including costs related to normal wear and tear, are allowable.**
- **False**
- **Attachment B 43. Normal wear and tear costs must be excluded.**



# *True or False*

- **Fund raising and investment activities belong in the "base" and shall be allocated their "fair share" of indirect costs.**
- **True**
- **Attachment B 23.**



# *True or False*

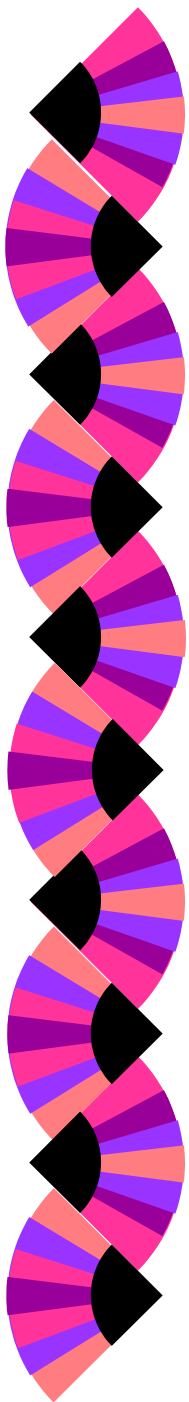
- **Normally, the cost of lobbying activities are unallowable but costs associated with legislative liaison activities are allowable.**
- **False**
- **Attachment B 25. a. (5)**





# *True or False*

- ▶ **Travel and subsistence costs of trustees (or directors) are allowable.**
- ▶ **True**
- ▶ **Attachment B 56.**



# *True or False*

- ▶ **If a specific item of cost is not mentioned in Attachment B, the implication is that the cost is unallowable.**
- ▶ **False**
- ▶ **Attachment B Opening paragraph Failure to mention a particular item of cost is not intended to imply that it is unallowable.**



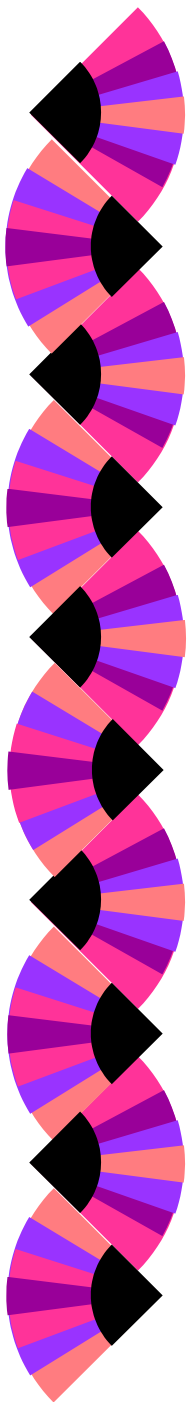
# *True or False*

- **Costs of promotional items and memorabilia are allowable as indirectly charged public relations costs.**
- **False**
- **Attachment B 1. f. (3)**



# *True or False*

- **If the organization's capitalization level is \$5,000, items of equipment with an acquisition cost of less than \$5,000 are considered to be supplies and are allowable as direct costs without specific awarding agency approval.**
- **True**
- **Attachment B 15.**



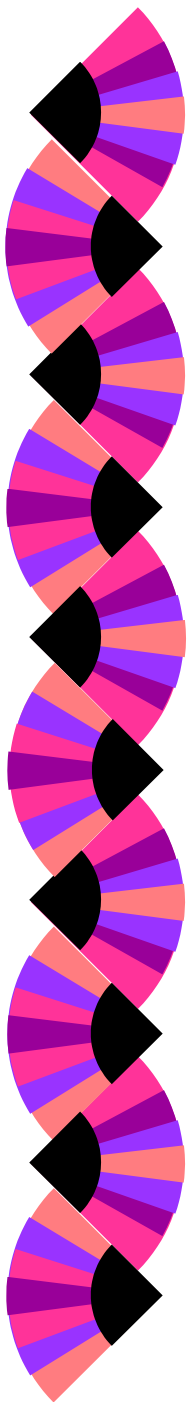
# *True or False*

- **Special arrangements and alterations of facilities incurred specifically for a Federal award are allowable as indirect costs.**
- **False**
- **Attachment B 42. Allowable only as a direct costs and with prior approval of the Federal awarding agency.**



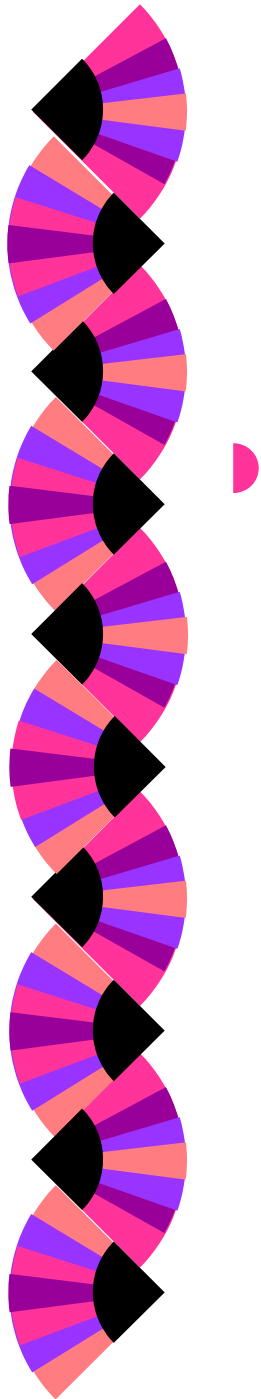
# *True or False*

- **Under a less-than-arms-length lease, rental costs are allowable only up to the amount that would be allowed had title to the property vested in the organization.**
- **True**
- **Attachment B 46. c.**



# *True or False*

- **Costs associated with an organization's subscription to a "pornographic periodical" are allowable for employee morale purposes.**
- **False**
- **Attachment B 30. Subscriptions must be to business, professional and technical publications**



*The End*

