



Understanding Federal Cost Principles for Financial Assistance Awards

Purpose: To provide a crosswalk between the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance" or "UG") and the Federal Acquisition Regulation ("FAR"). The crosswalk will assist OCED award recipients in navigating the regulations governing financial assistance awards to for-profit organizations.

1 What is a non-Federal entity?

The Uniform Guidance defines a non-Federal entity as a state, local government, Indian tribe, institution of higher education, or nonprofit organization that carries out a Federal award as **a recipient or subrecipient**. **See 2 CFR § 200.1**. For-profit organizations are not included in the definition of non-Federal entity.

The Department of Energy's ("DOE") supplement to the Uniform Guidance expands on the UG definition of non-Federal entities to include for-profit organizations. **See 2 CFR § 910.122**.

2 When do the FAR cost principles replace the Uniform Guidance cost principles in Financial Assistance Awards?

The cost principles in the Uniform Guidance apply to Non-Federal Entity recipients and subrecipients as specified in 2 § CFR 200.401 (a). Even though DOE includes for-profit organizations as non-Federal entities, 2 CFR § 910.352 requires that for-profit organizations follow the cost principles contained in FAR 31.2 instead of the Uniform Guidance cost principles. The one exception is that patent prosecution costs are not allowable unless specifically authorized in the award document. This applies to for-profit organizations whether they are the award recipient or a subrecipient.

3 Are there any other special regulatory arrangements?

Some nonprofit organizations, because of their size and nature of operations, can be considered to be similar to for-profit organizations in terms of the applicability of cost principles, see 2 CFR § 200.401(c). These nonprofit organizations must operate under Federal cost principles that apply to for-profit organizations located at 48 CFR 31.2. Appendix VIII contains a list of these nonprofit organizations. Other organizations may be added to this list if approved by the cognizant agency for indirect costs.

4 Which Uniform Guidance regulations apply to all organizations, including for-profits?

The Uniform Guidance contains more than the just the cost principles, and these regulations generally apply to all DOE Financial Assistance recipients and subrecipients. For example, regulations governing cost sharing or matching (2 CFR § 200.306), subrecipient monitoring and management (2 CFR §§ 200.331-333), and internal controls (2 CFR § 200.303) apply to all recipients and subrecipients, including for-profit organizations.

The guidance provided below highlights areas of compliance typically required of recipients of Federal assistance awards. It is not intended to fully document all requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200 or 2 CFR § 910.

Regulatory Crosswalk

	State, local government, Indian tribe, institution of higher education, or nonprofit organizations	For profit organizations
Selected Area of Cost	Uniform Guidance Cost Principles	FAR Cost Principles
Composition of costs	2 CFR § 200.402	FAR 31.201-1
Cost allowability	2 CFR § 200.403	FAR 31.201-2, 31.204
Cost allocability	2 CFR § 200.405	FAR 31.201-4
Cost reasonableness	2 CFR § 200.404	FAR 31.201-3
Credits	2 CFR § 200.406	FAR 31.201-5
Prior approval	2 CFR § 200.407	Standard Terms and Conditions
Direct costs	2 CFR § 200.405, 412, 413	FAR 31.202
Indirect costs	2 CFR § 200.412, 414, 405	FAR 31.203
Unallowable costs	2 CFR § 200.408, 410, 411	FAR 31.201-6, 31.201-2
Special considerations	2 CFR § 200.409, 420	FAR 31.204
Required certifications	2 CFR § 200.415	FAR 31.110
Advertising and public relations	2 CFR § 200.421	FAR 31.205-1
Advisory councils	2 CFR § 200.422	N/A
Alcoholic beverages	2 CFR § 200.423	FAR 31.205-51
Alumni activities	2 CFR § 200.424	N/A
Audit services	2 CFR § 200.425	N/A
Asset valuations resulting from M&A	N/A	FAR 31.205-52
Bad debts	2 CFR § 200.426	FAR 31.205-3
Bonding costs	2 CFR § 200.427	FAR 31.205-4
Collections of improper payments	2 CFR § 200.428	N/A
Commencement and convocation costs	2 CFR § 200.429	N/A
Compensation – personal services	2 CFR § 200.430	FAR 31.205-6
Compensation – fringe benefits	2 CFR § 200.431	FAR 31.205-6
Conferences	2 CFR § 200.432	FAR 31.205-1, 31.205-43
Construction and architect-engineer contracts	N/A	Standard Terms and Conditions
Contingencies	2 CFR § 200.433	FAR 31.205-7
Contributions and donations	2 CFR § 200.434	FAR 31.205-8
Interest	2 CFR § 200.449	FAR 31.205-10
Depreciation expense	2 CFR § 200.436	FAR 31.205-11
Economic planning costs	N/A	FAR 31.205-12
Employee health and welfare, labor relations	2 CFR § 200.437	FAR 31.205-13, 31.205-21
Entertainment and prizes	2 CFR § 200.438	FAR 31.205-14
Equipment and capital expenditures	2 CFR § 200.439	FAR 31.205-11, 31.205-25, 31.205-40, 2 CFR § 910.360
Exchange rates	2 CFR § 200.440	N/A
Fines and penalties	2 CFR § 200.441	FAR 31.205-15
Fundraising and investment management	2 CFR § 200.442	FAR 31.205-38

Gains and losses on the disposition of depreciable assets	2 CFR § 200.443	FAR 31.205-16
Goods or services for personal use	2 CFR § 200.445	FAR 31.205-6
Goodwill	N/A	FAR 31.205-49
Government costs	2 CFR § 200.444	N/A
Idle facilities/capacity	2 CFR § 200.446	FAR 31.205-17
Insurance and indemnification	2 CFR § 200.447	FAR 31.205-19
Intellectual property and patent costs	2 CFR § 200.448	FAR 31.205-30, 31.205-37
Interest expense	2 CFR § 200.449	FAR 31.205-20
Legal proceedings	2 CFR § 200.435	FAR 31.205-47
Lobbying	2 CFR § 200.450	FAR 31.205-22
Losses on other awards and contracts	2 CFR § 200.451	FAR 31.205-23
Maintenance and repair	2 CFR § 200.452	N/A
Manufacturing and production engineering costs	N/A	FAR 31.205-25
Materials and supplies	2 CFR § 200.453	FAR 31.205-26
Memberships and subscriptions	2 CFR § 200.454	FAR 31.205-43
Organization costs	2 CFR § 200.455	FAR 31.205-27, 31.205-28
Participant support costs	2 CFR § 200.456	N/A
Plant and security	2 CFR § 200.457	FAR 31.205-29
Pre-award costs	2 CFR § 200.458	FAR 31.205-32
Professional services	2 CFR § 200.459	FAR 31.205-33
Proposal costs, IR&D	2 CFR § 200.460	FAR 31.205-18, 31.205-48
Publication and printing	2 CFR § 200.461	FAR 31.205-1
Rearrangement and reconversion costs	2 CFR § 200.462	FAR 31.205-31
Recruiting costs	2 CFR § 200.463	FAR 31.205-34
Relocation costs	2 CFR § 200.464	FAR 31.205-35
Rent expense	2 CFR § 200.465	FAR 31.205-36
Research and development	N/A	FAR 31.205-48, 31.205-18
Royalties and use of patents	2 CFR § 200.448	FAR 31.205-37
Scholarships, student aid costs, and tuition remission	2 CFR § 200.466	N/A
Selling and marketing	2 CFR § 200.467	FAR 31.205-38
Specialized service facilities	2 CFR § 200.468	N/A
Student activities	2 CFR § 200.469	N/A
Taxes and VAT	2 CFR § 200.470	FAR 31.205-41
Telecommunication and surveillance	2 CFR § 200.471	N/A
Termination and standard closeout costs	2 CFR § 200.472	FAR 31.205-42
Training and education	2 CFR § 200.473	FAR 31.205-44
Transportation costs	2 CFR § 200.474	N/A
Travel costs	2 CFR § 200.475	FAR 31.205-46
Trustees	2 CFR § 200.476	N/A
Warranty costs	N/A	FAR 31.205-39