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 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 costs in a fiscal year must breakout indirect cost into administration and facilities.

- True

- Attachment A.
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