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MEMORANDUM

TO: CFP Leaders
FROM: Jennifer Gresham, CFP Team
SUBJECT: Memberships Fees and Allowability
DATE: May 12, 2016

Purpose of this Memorandum

The purpose of this Memo is to provide clarification regarding the allowable costs for Membership Fees under the use of Federal Funds.

Applying the Federal Guidelines to Memberships

Using Federal funds for donations to organizations is **never** allowable.

A Membership can never be a cash donation or a gift, i.e. the supporting documentation is a "Thank you for your donation" letter. It has to be a Membership.

If you want to use Federal funds for membership fees to organizations like the ESAs (LAPDA, CVEDC, Vermont Learning Collaborative), Reading Recovery (i.e., East Central VT Literacy Consortium) or NEK Professional Learning Consortium, etc., there are specific guidelines that need to be followed:

- The membership must be an institutional membership
- The membership must be reasonable, necessary and allocable to the grant
- There needs to be a return value to the membership. It must be of benefit to the grant activities.
- The LEA must provide adequate documentation of expenses and value if requested. The burden of proof is on the LEA to show that the membership fits all of the above.
- The benefit of the membership must come during the period of the grant activities.

With all of the above in place, a membership to an organization may be approved by the CFP Team. See the Federal Cost Principles on Page 2 for more information, but remember that those principles are refined by the guidelines above.

If you still have questions, please contact me.

Questions

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Federal Cost Principles

§ 200.434 Contributions and donations.

a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable.

§ 200.454 Memberships, subscriptions, and professional activity costs.

(a) Costs of the non-Federal entity's membership in business, technical, and professional organizations are allowable.

(b) Costs of the non-Federal entity's subscriptions to business, professional, and technical periodicals are allowable.

(c) Costs of membership in any civic or community organization are allowable with prior approval by the Federal awarding agency or pass-through entity.

(d) Costs of membership in any country club or social or dining club or organization are unallowable.

(e) Costs of membership in organizations whose primary purpose is lobbying are unallowable. See also §200.450 Lobbying.

§200.403 Factors affecting allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).

(g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.