

# Allowable / Unallowable Costs and Activities: Simplified Equipment-Only Grants

All Resilient Food Systems Infrastructure Program (RFSI) awards are subject to the appropriate cost principles for the recipient organization, the U.S. Department of Agriculture (USDA) program requirements, and the requirements established by the California Department of Food and Agriculture (CDFA) in the Grant Management Procedures Manual ([https://www.cdfa.ca.gov/rfsi/docs/2024\\_rfsi\\_grant\\_management\\_procedures\\_manual-equipment\\_only.pdf](https://www.cdfa.ca.gov/rfsi/docs/2024_rfsi_grant_management_procedures_manual-equipment_only.pdf)).

Federal cost principles are regulations used to determine allowable costs and ensure consistent treatment of costs. Recipients are responsible for identifying the federal regulations appropriate to their organization, consistently applying cost principles to the SCBG grant funds, and ensuring contractors or consultants comply with applicable federal cost principle requirements.

- State, local or Indian tribal governments, non-profit organizations, colleges and universities will be subject to 2 CFR 200 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>).
- For-profit organizations will be subject to 48 CFR Subpart 31.2 (<https://www.ecfr.gov/current/title-48/chapter-1/subchapter-E/part-31/subpart-31.2>).

The following list describes specific funding restrictions under RFSI. This section is not intended to be all-inclusive. The recipient should consult the federal cost principles for the applicable organization for the complete explanation of the allowability of costs they address.

**Simplified Equipment-Only Grants may be used to purchase one piece of equipment, only, along with associated costs incurred at the time of purchase such as tax, delivery, freight, installation, etc., as well as pre-approved accessory items to the requested Special Purpose Equipment.**

Item	Description
<b>Buildings and Land - Construction and/or Renovation</b>	A building means any permanent structure that is designed or intended for support, enclosure, shelter, or protection of person, animals, or property having a permanent roof that is supported by columns or walls.  <i>Unallowable</i> for costs associated with upgrading and/or retrofitting existing facilities and/or land to allow for the installation of Special Purpose Equipment.
<b>Compensation for Damage</b>	<i>Unallowable</i> for compensation for injuries or damage to property arising from project activities.
<b>Contingency Provisions</b>	<i>Unallowable</i> for miscellaneous and similar rainy-day funds for events the occurrence of which cannot be foretold with certainty as to the time or intensity, or with an assurance of their happening.  <i>Unallowable</i> for working capital for activities/items not already in place.
<b>Equipment</b>	Equipment is defined as tangible personal property (including information technology systems) having a useful life of more than one

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	<p>year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.</p> <p>Acquisition cost means the cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired.</p> <p><i>Allowable</i> for purchases of special purpose equipment (such as canners, hulling processors, reverse osmosis systems, egg packing machines, flotation tanks, roasters, or other processing equipment, packing and labeling equipment, or delivery vehicles) are allowable when approved in the agreement budget or with prior written approval. All equipment purchases must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Equipment is necessary for the technical activities of the agreement and is not otherwise reasonably available and accessible.</li> <li>• Equipment is normally charged as a direct cost by the organization and is acquired in accordance with organizational practices.</li> <li>• Equipment must be used solely to meet the purpose of the program and objectives of the agreement.</li> <li>• Equipment is subject to the full range of acquisition, use, management, and disposition requirements under <u>2 CFR 200.313</u> (<a href="https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR8feb98c2e3e5ad2/section-200.313">https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR8feb98c2e3e5ad2/section-200.313</a>) as applicable.</li> </ul> <p><i>Allowable</i> for tax, delivery, freight, installation, and other costs directly related to the purchase of the pre-approved equipment, including <i>pre-approved</i> accessory items.</p> <p><i>Prior approval required if not already included in the approved budget.</i></p> <p><i>Unallowable</i> for acquisition costs for purchases of general-purpose equipment (e.g., general use motor vehicles) or lease agreements to own (i.e., lease-to-own or rent-to-own).</p> <p><i>Unallowable</i> for rental, lease, or purchase costs of general-purpose equipment.</p>
<b>Equipment – Information Technology Systems</b>	<p><i>Unallowable</i> for information technology systems having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established in accordance by generally accepted accounting principles (GAAP) by the recipient for financial statement purposes or \$5,000. Acquisition cost means the cost of the asset including the cost to ready the asset for its intended use.</p>

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	<p>Acquisition costs for software includes those development costs capitalized in accordance with GAAP.</p> <p>Information technology systems include computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. Examples of unallowable information technology systems include service contracts, operating systems, printers, and computers that have an acquisition cost of \$5,000 or more.</p> <p>Information Technology services such as networking, data management, help/support desk services, etc. are considered indirect costs and are unallowable under Equipment-Only RFSI grants.</p>
<b>Farm, Gardening, and Production Activities and Supplies</b>	<i>Unallowable</i> for costs related to pre-harvest and/or harvest activities.
<b>Fines, Penalties, Damages and Other Settlements</b>	<i>Unallowable</i> for costs resulting from violations of, alleged violations of, or failure to comply with federal, state, tribal, local, or foreign laws and regulations.
<b>Insurance and Indemnification</b>	<i>Unallowable</i> as a direct cost to the project.
<b>Selling, Retail, and Marketing Costs</b>	<i>Unallowable</i> for costs associated with marketing, retail, or direct-to-consumer activities, including sales or delivery direct-to-consumer.