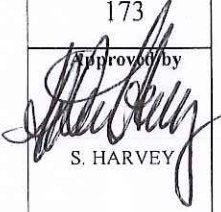


FINANCIAL MEMORANDUM

<b>Memorandum No.</b> 173	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI  SUBJECT: SUBCODES FOR SEGREGATION OF "UNALLOWABLE" EXPENSES	<b>Page</b> 1 of 2
 Approved by S. HARVEY		<b>Date Issued / Amended</b> 5/10/94, 12/16/03, 2/24/12 02/27/12, 09/23/15
		Replaces: 02/27/12

The attached schedule sets forth the accounting subcodes which must be used by each department, based on Federal guidelines.

The guidelines set forth the "unallowable" costs that cannot be charged to Federal grants and contracts either directly or indirectly. In order to ensure that the School does not inadvertently include any of these expenses in its direct or indirect charges to grants and contracts, unallowable expenses have been assigned specific subcodes. Departments must use these subcodes described in the attachment for such activities.

It is important to note that while these expenses are unallowable for purposes of Federal reimbursement, "unallowable" does not mean that legitimate expenditures in these categories cannot be incurred. Rather, certain costs that are permissible under current School policies may not be reimbursed directly or indirectly with Federal funds. These "unallowable" costs must be segregated by use of the special subcodes.

Questions regarding these procedures should be directed to the Director of Sponsored Projects Accounting at extension 64023.

Summary 'Unallowable' Expenses

Advertising:	Unallowable, except for the recruitment of staff and trainee as F&A costs; and as direct costs for recruitment of subjects or for specific purposes to meet the requirements of grant-supported activity.
Alcoholic Beverages:	Unallowable, unless within the scope of an approved research project.
Bad Debts:	Unallowable.
Contingency Funds:	Unallowable.
Entertainment Costs:	Unallowable (cost of amusements, social activities and related incidental costs.)
Fines & Penalties:	Unallowable, except when resulting from violations incurred as a result of compliance with provisions of an award, or when authorization is received in advance.
Fundraising Costs:	Unallowable.
Independent Research & Development Costs:	Unallowable, including their proportionate share of F&A costs.
Invention, Patent or Licensing Costs:	Unallowable, unless creation of intellectual property is a requirement of NIH grant awards.
Legal Services:	Unallowable if incurred in defending or prosecuting claims, including grant appeals.
Lobbying:	Unallowable.
Termination or Suspension Costs:	Unallowable - grantee may not incur new obligations after effective date of termination or suspension and must cancel as many outstanding obligations as possible.