

SFHSA COST CATEGORIZATION MATRIX (September 2025)

All Budgets and Expenses must be pre-approved by both the Program Manager and the Contract Manager. While costs may be allowable, it does not guarantee funding in a particular cost category. SFHSA and nonprofits have discretion to negotiate funding for items appropriate to the delivery of desired programming. SFHSA may require additional documentation prior to approving certain costs, and may set a cap on the amount of funding available for certain costs based on funding priorities.

Direct Personnel Expenses	Expense Type	Expense Description	Allowable	Unallowable	Notes
	Salaries	Salaries of all program staff, supervisory staff, and support/clerical staff that work directly on programs. HSA will pay for a maximum of 8 hours per day and 40 hours per week.	X		Staff invoiced to more than one funding source must have a time-study or functional timesheet. If administrative staff, like an Executive Director, work on direct program activities/services, then the corresponding percentage of that staff's time may be allocated as a direct expense.
		Meal Break penalties		X	
		Overtime	X		Grantee/contractor must have preapproval and/or provide reasonable explanation. Only allowable at same allocated percentage as regular wages for program employee. Should not be regular/ongoing expense.
		Paid Time Off - including holidays* and sick time.	X		*Holidays as listed in organization's Personnel Policies/ Employee Handbook and/or Scope of Services.
		Paid Leaves	X		Only if: 1) Program Manager pre-approves; 2) only if duties are being covered during leave; 3) agency is not invoicing for anybody else to cover these duties.
		Administrative/Indirect staff		X	See Administrative/Indirect Staff section for further guidance.
		Paid Sabbaticals		X	
		Bonuses paid to staff		X	Includes one-time salary increases.
		Staff Incentives		X	
		Lump sum payout of unused vacation, sick, or compensatory time		X	
		Severance payments to former staff		X	
		Fringe Benefits	Fringe Benefits such as FICA, SUI, Workers Compensation, health /medical, and retirement. Prior fiscal year Fringe Benefits such as vacation, sick, or overtime/compensation time, and taxes or other withholdings related to periods before and after the grant agreement.	X	
	X				
Direct Operating Expenses	Expense Type	Expense Description	Allowable	Unallowable	Notes
STANDARD	Rental of Property	Facilities or occupancy costs associated with building space, rental/lease of space used to run the program, rent for main space and auxiliary space.	X		SFHSA funds may not be used to pay for expenses not incurred as part of the scope of work and deliverables of the grant/contract (i.e. organizational events requiring additional security and/or janitorial services).
		Mortgage Principal.		X	
		Mortgage interest fees on real property used in the delivery of programs.	X		Certain federal funding sources may restrict the use of funding on these costs.
		Mortgage Principal or Mortgage interest attributable to fully depreciated assets.		X	
		Facilities or occupancy costs such as property taxes, loans against own property, and security deposits.		X	

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Direct Operating Expenses	Expense Type	Expense Description	Allowable	Unallowable	Notes
STANDARD	Utilities	Percentage allocation of utilities used by program. Includes gas, electric, water, garbage/recycling, phone, internet, and cell phones/stipends used for programmatic purposes.	X		Grantee/contractor must provide consistent methodology and documentation related to shared costs for utilities.
	Office Supplies, Postage, Equipment	Costs associated with shared equipment, such as IT systems, copiers, and printers. Includes office equipment costing less than \$3,000 (postage meter, laminator, etc.).	X		Percentage allocation of shared equipment used by each program.
		Depreciation on purchased equipment.	X		Only allowable if equipment was purchased with non-city funds.
	Building Maintenance, Supplies and Repair	Includes janitorial services	X		
	Printing and Reproduction		X		
	Insurance	Required insurance policy maintenance costs such as commercial general liability, auto, workers compensation, sexual abuse & molestation, professional liability, cyber/technology, and event insurance.	X		Alternatively, workers compensation can be included under Fringe Benefits. Includes direct allocation of program-specific policies or percentage allocation of applicable agency-wide insurance costs.
	Staff Training	Staff development costs used to pay registration or attendance fees for program staff to attend workshops or trainings aimed to build capacity for the funded program. Presenter fees for staff trainings.	X		Conferences and/or external trainings must be pre-approved prior to paying registration fees.
	Staff Travel-(Local and Out of Town)	Transportation and travel costs for direct program staff. Includes local transportation, and out-of-town travel for direct program services. Includes mileage, vehicle rental, tolls, gas, parking fees, public transportation and ride share.	X		Only if staff are required to travel to perform scope of funded services. Does not include regular commute expenses. Mileage should start from program address.
		Staff development costs such as transportation to out-of-town conference, lodging, or food for staff.	X		Must be pre-approved (by Program and Contract Managers) prior to purchasing tickets and/or paying for lodging. Must follow federal per diem guidelines.
		Parking/moving violations; ride share tips.		X	
Rental of Equipment	Lease for printers, photocopying equipment, etc.	X		Percentage allocation of shared equipment used by each program.	
Direct Operating Expenses	Expense Type	Expense Description	Allowable	Unallowable	Notes
CONSULTANTS/ SUBCONTRACTORS <i>(Note: Any costs exceeding \$50,000 per entity are not considered Direct Operating Expenses and are not eligible for Indirect)</i>	Consultants/ Independent Contractors	Professional Services provided to program participants or agency by consultants, independent contractors, or other entities that are non-staff individuals. Professionals provide highly technical or specialized services to the agency or program.	X		Each consultant must be listed by specific purpose. Grantee/contractor must comply with City standards for Consultant oversight and monitoring.
	Subcontractors	Subcontractors providing a direct service towards the objectives outlined in the delivery of services/scope of work.	X		Grantee/contractor must have a signed Subcontractor Agreement prior to invoicing and available upon request. Grantee/contractor must include Subcontractor Procurement Process in Fiscal Policies and follow policies when selecting Subcontractors. Grantee/contractor must comply with City standards for Subcontractor oversight and monitoring.
		Contractual services done by the subcontractor's subcontractor.			X

Direct Operating Expenses	Expense Type	Expense Description	Allowable	Unallowable	Notes
OTHER (list is not inclusive)	Stipends (monetary)	Stipends, including small amounts paid to someone (often a volunteer, intern, or program participant) for engaging in limited periods of work in support of a funded agency or organization. May include AmeriCorps fees. As stipends may be considered salaries; grantee/contractor should check with, OLSE (https://www.sf.gov/departments--office-labor-standards-enforcement)	X		Stipends are not allowable for staff. Stipends will be categorized based on the intended use and/or recipient. Must provide stipend policy and/or agreement request.
	Materials and Supplies (Direct Program Services)	Materials and supplies directly benefiting program participants and consistent with type of services provided by program. Items with nominal retail value purchased to support participants in meeting basic needs, such as diapers & wipes; formula; clothing; basic hygiene items; potty training equipment; breastfeeding supplies.	X		Requires prior approval from Program and Contracts for any single item of \$3,000 or more.
	Participant Incentives (non-monetary)	Includes prizes, awards, and/or other non-monetary items of nominal value for participants.	X		Incentives may not be used for staff/admin. Gift cards are not allowed (there may be some exceptions for specific programs with program manager and contract manager approval).
	Events/Field Trips	Events and field trip costs related to the program. Includes transportation for participants, tickets/entry fees, and/or costs of permits needed for events.	X		Any additional events not previously listed in the approved Scope and Budget must be preapproved by SFHSA Program & Contracts Managers in writing. Detailed event budgets listing all expected costs must be preapproved by SFHSA Program & Contracts Managers. Funds may not be used for staff events, entertainment, and/or outings.
	Food	For program participants only. Alcoholic beverages, sugar-sweetened beverages, bottled water, and tips/gratuity.	X		Funds may not be used for staff food/meals.
	Equipment	Any single item costing \$9,999 or less.	X		Must be directly related to program services and based on shared allocation.
	IT/Technology Expenses	Includes laptops, software licenses	X		Must be directly related to program services and based on shared allocation.
	Barrier Removal	Includes purchases of basic needs when direct provision is not feasible or available.	X		Barrier removal is for participants only. Must be directly related to program services. Staff may not be provided with barrier removal services using SFHSA funds. Examples include emergency payment of participant back rent, utility bills, medical bills; client transportation; uniforms; childcare.
	Miscellaneous	Professional licenses for staff, if required for program/services. Memberships/Dues directly benefitting program services.	X		Percentage allocation of shared expenses used by each program.
		Job postings and fingerprinting of staff, as needed/required for funded program.	X		Only for vacant positions already in approved budget. Should be reasonably allocated by position/program. Only allowed for initiation of a new program. For ongoing programs this should be included in indirect costs (there may be exceptions for certain types of programs with program approval).

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Subcontractor/Capital Expenditure Expenses listed below are not eligible for inclusion in Indirect Expense calculations.

Subcontractor/Capital Expenditure Detail	Expense Type	Expense Description	Allowable	Unallowable	Notes
Equipment/Remodeling	Capital and Mortgage	Capital costs for real property necessary for the delivery of programs.	X		Certain federal funding sources may restrict use of funding on these costs.
	Vehicle Purchase	Vehicle purchase (and related costs) as required to perform scope of funded services		X	Depreciation costs are allowable
		Vehicle Depreciation	X		Only allowable if vehicle was purchased with non-city funds
	Vehicle Lease	Vehicle lease (and related costs) as required to perform scope of funded services	X		Percentage allocation of shared use by each program.
	Equipment	Any single item costing \$10,000 or more.	X		For items \$9,999 or less, please see Operating/Other Section.
Subcontractors/Consultants	Subcontractors/Consultants	Any costs exceeding \$50,000 per entity.	X		
Other	Direct Client Pass-Through	Participants vouchers, rent payments, wage subsidies, etc.	X		

Indirect costs are capped at 15% of Direct Expenses. If agency has a federally approved indirect cost rate, this rate can be used for federally-funded grants, but not for General Fund grants.

Indirect Expenses (aka de minimis)	Expense Type	Expense Description	Allowable	Unallowable	Notes
	Salaries/ Fringe Benefits	Direct or percentage allocation of Executive Director salary and benefits for time spent in administrative activities.	X		SFHSA requires a functional time sheet or time study if a direct or percentage of time is allocated to a grant/contract.
		Chief Financial Officer salary and fringe.	X		SFHSA requires a functional time sheet or time study if a direct or percentage of time is allocated to a grant/contract.
		Contract administration and compliance staff salaries and fringe.	X		SFHSA requires a functional time sheet or time study if a direct or percentage of time is allocated to a grant/contract.
		Other administrative staff salaries and fringe, including accounting, bookkeeping, human resources, information technology, etc.	X		SFHSA requires a functional time sheet or time study if a direct or percentage of time is allocated to a grant/contract.
		Staff time spent preparing proposals for federal or non-federal grants and contracts.	X		SFHSA requires a functional time sheet or time study if a direct or percentage of time is allocated to a grant/contract.
	Contractual Services	Audit fee.	X		
		External accounting services and bookkeeping services.	X		
		External payroll fees and other HR expenses.	X		
		External information technology-services.	X		
		Fiscal agent/sponsor fees.	X		SFHSA may cap maximum amount of fiscal agent fees included in the budget.
		Administrative IT system costs (e.g., QuickBooks).	X		SFHSA requires all shared costs related to database systems have a cost benefit to contract/grant deliverables & scope of work.
	Materials and Supplies	Website design, maintenance, or hosting services.	X		
		Office supplies or percentage allocation of office supplies used by administrative staff.	X		SFHSA operating funds may not be used for these costs.
		Materials and supplies associated with board meetings.	X		SFHSA operating funds may not be used for these costs.

	Facilities/Utilities	Percentage allocation of rent & utilities used by admin staff.	X		
		Depreciation on real property	X		
	Equipment	Percentage allocation of equipment used by administrative staff; depreciation on purchased equipment.	X		
	Transportation/ Travel	Transportation expenses incurred by administrative staff.	X		SFHSA operating funds may not be used to pay for these costs.
	Insurance	Percentage allocation of insurance fees for required insurance policy maintenance costs such as commercial general liability, auto, workers compensation, and event insurance.	X		SFHSA requires justification & documentation or percentage allocation of insurance costs.
		Directors and Officers insurance fees.	X		
	Training	Costs used to pay registration or attendance fees for staff to attend workshops or trainings aimed to build capacity for the agency overall (e.g., attended by finance or HR staff).	X		
	Events and Food	Agency-wide events without specific program benefit (e.g., open house). Events/field trip costs for events that only benefit staff members, such as staff recognitions, celebrations, events attended by staff only, food for staff, <u>staff meals at restaurants</u> .		X	
		Alcoholic beverages, sugar-sweetened beverages, bottled water, and tips/gratuity.		X	
	Telecommunications	Percentage allocation of telecommunications costs for administrative staff.	X		
	Miscellaneous	Nominal bank charges such as those required for maintaining a checking account.	X		
		Bank fees such as interest, late/penalty fees, non-sufficient service/overdraft fees, cash advance fee, foreign exchange fees, and credit card fees.		X	
		Credit card fees.		X	
		Personal costs.		X	
		Religious workshops, instruction or proselytization.		X	
Bad debts including losses and related collection and legal costs.			X		
Political activities.			X		
Category	Expense Type	Expense Description	Allowable	Unallowable	Notes
<i>Fundraising expenses are never allowable in City grants or contracts unless the program objective for the City grant is defined as fundraising and/or development capacity building. Departments may offer grants specific to supporting or enhancing nonprofit capacity and in these cases any of the following costs may be allowable as direct program costs. When the program objective is not specific to fundraising activities, fundraising expenses are unallowable per federal guidelines.</i>					
Fundraising Expenses	Salaries/ Fringe Benefits	Development Director or other staff with fundraising as a primary job role.		X	
		Direct or percentage allocation of Executive Director salary and benefits for time spent in fundraising activities (e.g., per functional time sheet or time survey).		X	
	Contractual Services	Fundraising consultant fees.		X	
	Materials and Supplies	Office supplies (including postage) or percentage allocation of office supplies used by fundraising staff.		X	
	Facilities/Utilities	Percentage allocation of rent and utilities used by fundraising staff.		X	
		Space rental for fundraising events.		X	
	Equipment	Percentage allocation of equipment used by fundraising staff.		X	
	Transportation/ Travel	Transportation expenses incurred by fundraising staff.		X	
	Insurance	Percentage allocation of insurance fees for required insurance policy maintenance costs such as commercial general liability, auto, workers compensation, and event insurance.		X	
	Training	Staff development costs used to pay registration or attendance fees for staff to attend workshops or trainings aimed to build capacity for fundraising.		X	
Events	Fundraising event costs.		X		
Telecommunications	Percentage allocation of telecommunications costs for fundraising staff.		X		