

- **60-day expense reserves allowance:** The amount needed to cover expense for 60 days if there were no revenue generated. This is allowed on both internal and federal customers. (Total annual expenses * 16.7%= 60-day expense reserve allowance)

- **Allowable Costs:** are costs that satisfy all the following conditions
 1. **Are reasonable:** a reasonable cost reflects the action a prudent person would make under the circumstances in light of their stewardship responsibility to the university community, State of Colorado, Federal Government and the public. Major considerations involved in the determination of the reasonableness of a cost include:
 - Whether the cost is generally recognized as necessary.
 - The restraints or requirements imposed by such factors as arms-length bargaining and federal/state laws and regulations.
 - The extent to which the actions are consistent with established UCCS, the CU system, and/or Board of Regents policy.
 2. **Are consistently applied** according to cost accounting standards.
 3. **Are properly allocable** to goods/services in accordance with relative benefits received or other equitable relationship. Costs allocable to a particular good/service cannot be shifted to other goods/services.
 - A cost is allocable to a good/service if it is necessary to the provision of the goods/services and meets either of the following conditions:
 - The cost solely benefits the good/service.
 - The cost benefits the good/service and other goods/services or activities in proportions that can be reasonably approximated based on benefits derived, a traceable cause and effect relationship, or logic and reason where neither benefit nor cause and effect relationship is determinable.
 4. **Are historically based** (with appropriate adjustments for applicable credits). Note: In the case of current operating costs, projected costs may be considered in lieu of historical costs to the extent they are based on objective evidence (for example, approved changes to next year's operating budget) and not on speculation.
 5. **Are not specifically unallowable.** Refer to [OMB Uniform Guidance subpart E, subtitle VI](#) for a list of unallowable costs per federal regulations.

- **Auxiliary Enterprise Units:** are departments or activities which were established primarily to provide goods/services to individuals, i.e. students, faculty, staff and/or the general public, but which also regularly provide goods/services to departments, sponsored programs or activities. For example, the Bookstore and the Department of Housing are auxiliary enterprise units. Activities in these units are not considered RBSAs.

- **Depreciation:** Depreciation accounting is a system of allocating the acquisition cost of an asset (equipment, building, parking lot, etc.) over the estimated useful life of the asset, usually measured in years, but sometimes based on volume of usage. Each accounting period is charged with a proportionate depreciation expense for the

estimated useful life of the asset, rather than charging the full cost of the asset as an expense in the year in which it was acquired.

- **Equipment:** is an article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more. This includes donated equipment whose fair market value at the time of donation is \$5,000 or more, and equipment being constructed whose component parts may be less than \$5,000 each but whose total cost will be \$5,000 or more.
- **Exchange Transaction:** There is an identifiable exchange of goods or services between the selling unit and the customer. The payment and the goods or services received are of essentially equal value.
- **External Corporate Customers:** For-profit organizations and companies that purchase goods or services from the University. External corporate customers do not use a SpeedType and pay via purchase order, credit card, or other vendor-style arrangement. Examples of external corporate customers include local businesses, Google, and for-profit medical organizations.
- **External Federal Customers:** Federal agencies or departments who purchase goods or services directly from the University, excluding any grant-based funding arrangements. External federal customers do not use a SpeedType and pay via purchase order, credit card, or other vendor-style arrangement. Examples of external federal customers include NCAR, NOAA, and the Department of Agriculture.
- **External Nonprofit Customers:** Organizations, groups, or individuals engaged in a research or public service activity who purchase goods or services from the University. External nonprofit customers do not use a SpeedType and pay via purchase order, credit card, or other vendor-style arrangement. Examples of external nonprofit customers include local municipalities, the State of Colorado, tax-exempt organizations, fund 80 SpeedTypes, and University personnel acting in a private capacity.
- **Internal Customers:** Units within the university system. All entities with a SpeedType (other than Fund 80) are internal customers, including grants which could also be Federal Customers (Fund 30 or 31). Sales and services provided to internal customers are sometimes known as Interdepartmental Sales and Services, and units that engage in these sales exclusively are known as Internal Service Activities (ISAs).
- **Operating Costs:** include but are not limited to:
 - Salaries and wages
 - Employee benefits
 - Cost of materials and supplies
 - Travel

- Transfer of cash for provision for renewal and replacement of equipment and facilities (depreciation)
- **Profit:** The amount in addition to cost that may be charged only to an external customer. Profits may be retained within the activity to offset unallowable costs, to reduce the cost to future customers, or transferred to fund 78 for other future use. It is recommended that profits be transferred to fund 78 unless they are being used to immediately satisfy the first two options.
- **Rate-Based Service Activity (RBSA):** Sales of goods or services that are offered on a standardized, per-unit basis for multiple engagements. Common units of sale include per sample, per test, per hour, and per item. Rate-based service activities may be offered to internal customers, all external customer types, or any combination thereof.