

## § 1108.160

prototyping, and engineering testing. It typically is funded within programs in Budget Activities 4 through 7 of DoD's Research, Development, Test and Evaluation (RDT&E) appropriations.

### § 1108.160 Direct costs.

*Direct costs* means any costs that are identified specifically with a particular final cost objective, such as an award, in accordance with the applicable cost principles.

### § 1108.165 DoD Components.

*DoD Components* means the Office of the Secretary of Defense; the Military Departments; the National Guard Bureau (NGB); and all Defense Agencies, DoD Field Activities, and other organizational entities within the DoD that are authorized to award or administer grants, cooperative agreements, and other non-procurement instruments subject to the DoDGARs.

### § 1108.170 Equipment.

*Equipment* means tangible personal property (including 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:

- (a) \$5,000; or
- (b) The recipient's or subrecipient's capitalization threshold for financial statement purposes.

### § 1108.175 Exempt property.

(a) *Exempt property* means tangible personal property acquired in whole or in part with Federal funds under a DoD Component's awards, for which the DoD Component:

- (1) Has statutory authority to vest title in recipients (or allow for vesting in subrecipients) without further obligation to the Federal Government or subject to conditions the DoD Component considers appropriate; and
  - (2) Elects to use that authority to do so.
- (b) An example of exempt property authority is contained in the Federal Grant and Cooperative Agreement Act (31 U.S.C. 6306) for tangible personal property acquired under an award to conduct basic or applied research by a nonprofit institution of higher edu-

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cation or nonprofit organization whose primary purpose is conducting scientific research.

### § 1108.180 Expenditures.

*Expenditures* mean charges made by a recipient or subrecipient to a project or program under an award.

(a) The charges may be reported on a cash or accrual basis, as long as the methodology is disclosed and is consistently applied.

(b) For reports prepared on a cash basis, expenditures are the sum of:

- (1) Cash disbursements for direct charges for property and services;
- (2) The amount of indirect expense charged;
- (3) The value of third-party in-kind contributions applied; and
- (4) The amount of cash advance payments and payments made to subrecipients.

(c) For reports prepared on an accrual basis, expenditures are the sum of:

- (1) Cash disbursements for direct charges for property and services;
- (2) The amount of indirect expense incurred;
- (3) The value of third-party in-kind contributions applied; and
- (4) The net increase or decrease in the amounts owed by the recipient or subrecipient for:
  - (i) Goods and other property received;
  - (ii) Services performed by employees, contractors, subrecipients, and other payees; and
  - (iii) Programs for which no current services or performance are required, such as annuities, insurance claims, or other benefit payments.

### § 1108.185 Federal interest.

*Federal interest* means, in relation to real property, equipment, or supplies acquired or improved under an award or subaward, the dollar amount that is the product of the:

- (a) Federal share of total project costs; and
- (b) Current fair market value of the property, improvements, or both, to the extent the costs of acquiring or improving the property were included as project costs.