**Section 675.220 Non-Reimbursable Expenses and Revenue Offsets**

a) The expenditures discussed in this subsection (a) shall be non-reimbursable costs and shall not be calculated or reported as part of a provider's district program cost.

1) Expenses resulting from transactions with related organizations that are greater than the expense to the related organization. Providers may be required to submit evidence to substantiate or refute any claim of relatedness in determining allowable costs.

2) Non-straight-line depreciation.

3) Bad debt.

4) Special benefits to owners, including owner and keyman life insurance, except insofar as required by lending institutions.

5) Charity grants.

6) Interest payments related to a provider's assets that are unrelated to an SES program.

7) Costs incurred by owners for non-SES activities, including that portion of overhead that should be allocated to these activities.

8) Printing expenses unrelated to the program.

9) Lobbying activities.

10) Meals provided to students enrolled in SES programs.

11) Confections, candy, potato chips, carbonated beverages, fruit drinks containing less than 50 percent pure fruit juice, tea, coffee, or other foods or beverages designated as "competitive foods" by the State Board of Education pursuant to 23 Ill. Adm. Code 305.

12) Fines and penalties.

13) Payments of principal on mortgages or loans.

14) Asset acquisition costs for items whose costs exceed $500 and have a useful life of one year or more.

15) Legal expenses incurred for non-program activities or for litigation against governmental entities.

16) Severance pay.

17) Sales tax (in the case of not-for-profit organizations).

18) Income tax.

19) Costs of any kind prohibited by the Code of Ethics set forth in Section 675.30 of this Part.

20) Economic incentives or gratuities of any kind to parents.

b) Any revenue received by the provider for the provision of SES from any source other than the district shall be offset against the provider's district program costs.

(Source: Amended at 33 Ill. Reg. 8497, effective June 1, 2009)