**Section 1110.120 Interest**

a) Interest income earned from award funds shall be used for expenses that further the provision of direct services to clients, consistent with the provision of service stated in the Grant Agreement. These expenses shall not exceed $500 in any fiscal year. Interest income earned in excess of $500 shall be returned to the Administrator with the next quarterly report.

b) Interest income earned from award funds and expenses paid from that interest income shall be reported on quarterly reports as separate items from other expenses against the grant award.

c) In addition to the allowable expenses listed in Section 1110.110(a), interest income may be used to pay interest expenses on borrowed funds used to purchase land, buildings, and/or equipment that are required to provide direct services to clients, or are related to client services. The items purchased must actually be in use.