

July 1, 2019

Mr. Craig Wills, Division Chief
Indirect Cost Services
650 Capitol Mall, Suite 4-300
Sacramento, CA 95814

Dear Mr. Wills:

Enclosed is our Indirect Cost Rate Proposal(s). We request to negotiate final and provisional rates for the Fiscal Year(s) 2018 and 2020, respectively. The proposal includes the following parts.

Part I: Narrative

- Checklist
- Organization Information,
- Proposal Point of Contact Information,
- Requested Rate and Related Information,
- Signed Cost Policy Statement,
- Organization Chart,
- Signed Certificate of Indirect Cost,
- Signed Lobbying Certificate, and

Part II: Financial Data (excel file-tab for each of the following)

- Schedule B – Indirect Cost Pool Personnel Salaries, Wages and Fringe Benefits,
- Schedule C – Summary Schedule,
- Schedule D – Subawards,
- Schedule E – SEFA, and
- Schedule F – Contractual/Professional Services

Part III: Supplemental Data

- Audited Financial Statements
- A-133 Audit

The above documents are separately listed in the attached checklist with the corresponding file names in the proposal. If you have any questions concerning the information in this proposal, please do not hesitate to contact us at (123) 123-4567.

Sincerely,

Robert Smith
Executive Director
ABC International

Indirect Cost Proposal (ICP Proposal) Checklist (Nonprofit)

Package Include

PART I – Narrative Information

Yes No N/A

- 1) **Contact information:**

(Organization info including mailing address, EIN, POC names including phone numbers and emails)
- 2) **Rate Information** - including rate year(s) requested, base description, and rate history.
- 3) **Signed Cost Policy Statement** for allocating and identifying direct and indirect costs.
- 4) Organization chart
- 5) Signed **Certificate of Indirect Costs**.
- 6) Signed **Lobbying Certificate**.
- 7) Treatment of **Paid Absences** (1st year submission)

PART II – Schedules and Cost Data

- 8) **Exhibit A -- Rate Information**

(Type of rates, distribution base, calculated rate, federal percentage information).
- 9) **Exhibit B - Schedule of Total Expenditures** which should include but not be limited to:
 - Total expenditures (reconcilable to the audit if using actual cost data)
 - Exclusions with footnote explanation
 - Direct costs and indirect costs
 - Reconciliation
- 10) **Exhibit C - Indirect Salaries, Wages, and Fringes**

(indirect salaries by position title, salary amount, and percentage allocated to indirect cost).
- 11) **Exhibit D - List of Subawards** over \$25,000 that are given out by the Entity

(required for Modified Total Direct Cost (MTDC) base only).
- 12) **Exhibit E - Schedule of Expenditures of Federal Awards**

(if not included in the audited financial statements).
- 13) **Exhibit F – Contractual Expenditures and Other Costs Data** (if applicable).

PART III – Supplemental Information

- 14) **Depreciation Schedule**

(if depreciation is included as an indirect cost)
- 15) **Cost Validation**
 - Audited Financial Statements
 - A-133 Audit (Required by the Single Audit Act of 1984, Public Law 98-502, as amended)
 - IRS 990
 - General Ledger Reports
- 16) **Entity's majority direct federal funding agency**

Is this the same federal agency as last year? EPA
- 17) The **3** most recent signed **negotiation agreements** (1st year submission only).
- 18) The **IRS letter** granting nonprofit status (1st year submission only).

ORGANIZATION INFORMATION

Entity Name	ABC International
Entity Type	Non-Profit
EIN	12-1234567
Phone Number	(123) 123-4567
Mailing Address	123 Front Street, Anytown, State 95668-1111
Web Address	http://www.non-profit.org
Focus of Work	Environmental education in K-12 grade level schools

PROPOSAL POINT OF CONTACT INFORMATION

Names	Robert Smith	Andrea Brown
Position Titles	Executive Director	Finance Officer
Email Addresses	rsmith@non-profit.org	abrown@non-profit.org
Phone Numbers	(123) 234-5678	(123) 234-6789

RATE(S) INFORMATION INCLUDED IN THIS PACKAGE

Requested Rates(s)	21.44% (see attached Exhibits A through F)
Requested Rate(s) Type	Provisional/Final
Distribution Base(s)	Total direct costs less capital expenditures, passthrough funds, and subawards in excess of the first \$25K
Requested Year(s)	2018 and 2020
Requested Rates are Based on	2018 actual costs

RATE(S) RELATED OTHER INFORMATION

Negotiation History	We have negotiated rates with the U.S. Department of the Interior
Fiscal Year Inclusive Dates	1/1 – 12/31
Rate Development Method	Direct Allocation
Fringe Benefits Treatment	ABC International’s accounting system tracks fringe benefits costs by individual employee and charges those costs directly or indirectly in same manner as salaries are recorded.
PTO (paid time off) Treatment	ABC International’s accounting system tracks PTO costs by individual employee and charges those costs directly or indirectly in same manner as salaries are recorded. All PTO costs are considered part of salaries, consequently separate claims for PTOs are not made.
Federal Fund Types Received	Grants and Cooperative Agreements (Falls Under 2 CFR 200)
Basis of Accounting	Accrual Basis
Supplementary Information Included with the Package	Audited Financial Statements including A-133 Audit is attached.

COST POLICY STATEMENT

- I. Description of Accounting System Used by the Organization: ABC International use XYZ financial management and human capital management software for day to day transaction recording, project reporting, tracking time, and performance management.

XYZ software is set up to capture all expenses by general ledger account, cost centers, spend categories, and projects. Designation of expenses as direct or indirect depends on the nature of the expense and overall function receiving benefit.

- II. Cost Allocation Methodology used for the Financial Statements: The ABC International allocate some general management expenses on a functional basis among its various programs supporting services benefited based on the method deemed appropriate by the auditors. The remaining Management and General expenses shown on the financial statements page 5 do not reflect the total organizational management costs.

- III. Cost Allocation Methodology Used for the Program Funding Reimbursement and the Indirect Cost Rate Development:

A. Salaries and Wages:

Time & Attendance System: Part of the accounting system described above.

Personnel Time Allocation Policy: Time spent on activities specifically identifiable with a particular grants, contracts, and other activities of the organization such as lobbying, fund raising, or providing services to the members are recorded as direct costs. Time spent on management and general activities are recorded as indirect costs. The charges are supported by auditable time records which reflect the actual activities of the employees.

Indirect Salaries: Following staff charge 100% of their salary costs indirectly:

Executive Director,
Accounting Staff,
HR Staff,
IT Staff
Assistant-Executive Director
Receptionist

Mixed Charges: Following staff may allocate their salary costs between direct and indirect activities:

VP of Operations
Assistant-VP of Operations

The distinction between direct and indirect is primarily on functions. For example, when the positions shown are performing functions that are necessary and beneficial to all programs, the time spent on such activities by all “mixed charge personnel” are pooled on a monthly basis. Grouped time is then allocated to programs for the month based on “total direct labor hours/total labor hours” for the month. Remaining time gets charged to indirect cost pool.

Auditable time and attendance records which reflect the actual activities of the employees are maintained to support the mix of direct/indirect charges. Time records are certified by the Program Managers and Division Directors.

- B. Fringe Benefits: ABC Organization contributes to unemployment insurance, workers’ compensation insurance, FICA, health and dental insurance, and matching contributions to defined benefit pension plan.

Since the ABC International’s accounting system tracks fringe benefit costs by individual employee, fringe benefit costs are charged to programs and indirect activities in same manner as salary and wages are recorded.

- C. Travel: Travel costs are charged to direct and indirect activities based on predominant purpose trip. Costs incurred for travel are supported by auditable travel vouchers and costs are limited to those allowable under the Federal Travel Regulations, unless expressly by a contract or grant.

- D. Board Expenses: Following board expenses are charged indirectly:

- \$250 fee paid annually to each Board member.

- Travel costs to/from Board meetings (limited to expenses allowed under Federal Travel Regulations)

- Other Board expenses are absorbed by the ABC International and are not charged directly or indirectly to Federal grants and contracts.

- E. Supplies and Material: To the maximum extent possible, office supplies and materials are direct charged to the grant/contract which drives the expense. Supplies and materials used by staff who are engaged in indirect activities are charged on indirect basis.
- F. Occupancy Expenses: Occupancy expenses include rent and utilities and allocated directly to programs and indirect based on labor distribution. Total actual rent and utilities pooled and distributed to programs and indirect on a monthly basis.
- G. Communications: Local telephone service costs are prorated to direct and indirect activities based on FTEs. Long distance calls are charged either directly or indirectly based on benefiting function.

ABC International uses a meter system for postage charges. The postage meter has been programmed to identify the specific program or activity against designated cost center. Express mail/courier service costs are also specifically identified to the program or activity incurring the cost.

Activities related to managing ABC International's web-site is charged to indirect and direct based on

- H. Photocopying and Printing: ABC International maintains contract on a single photocopying machine. The annual flat fee paid for maintaining the contract is charged to indirect cost expense account. Actual per page printing costs are charged to program and indirect departments based on actual use.
- I. Outside Services: ABC International incurs the following outside service costs and charges the costs to corresponding activities:
 - Annual Audit-Indirect
 - Building Security Services-Indirect
 - Janitorial Services-Indirect
 - Consultant for an Annual Staff Development Seminar-Indirect
 - Legal Fees for Contract Review and Labor Compliance Review-Indirect
 - Legal Review Required by Programs-Benefiting Program
 - Other Professional Consulting Services Required by Programs-Benefiting Programs
- J. Capital Items: Capital expenditures are charged directly to programs only in cases where a contract or grant specifically authorizes such charges. No capital item should be charged indirectly. The cost of capital items purchased with non-Federal funds are recovered through depreciation charges.
- J. Depreciation Charges: ABC International recovers depreciation using straight-line method. Cost of capital items purchased with non-federal funds recovered through depreciation charges. Depreciation on capital items purchased with federal funds are excluded from the rate calculation. Additionally, ABC International use direct allocation for recovery of OH. Depreciation is allocated to programs and indirect based on squarefoot analysis.
- L. Subscriptions and Membership Dues: ABC International subscribe to publications on environmental issues and pays annual membership dues to national environmental organizations. Membership dues are charged to indirect but subscription to publications charged to benefiting programs.
- M. Conferences and Meetings: Conference costs including registration fees and associated travel expenses are charged to benefiting programs and indirect departments according to purpose of the conference attended. Meeting costs for Board of Director's meeting, including space rental and travel and per diem expenses, are charged to indirect departments.

N. Unallowable Costs: ABC International recognizes the following costs as unallowable charges to federal awards and has internal controls in place to insure that such costs are not charged to federal awards:

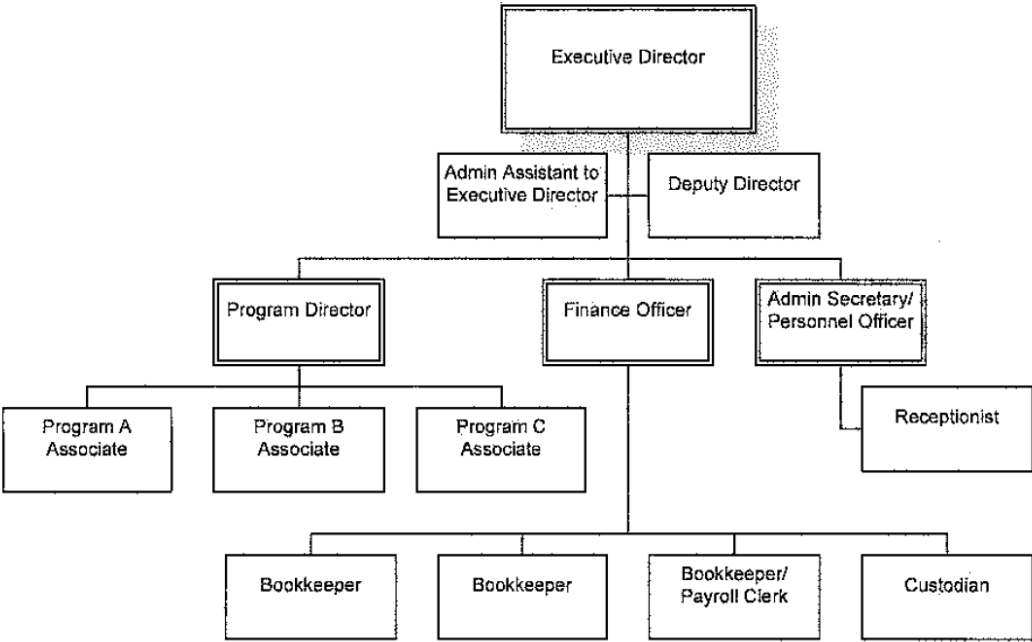
Fundraising
Entertainment/Alcoholic Beverages
Lobbying
Capital Expenditures (unless expressly authorized by a federal award)
Advertising/Marketing (other than for recruitment of staff or for the disposal of property)
Bad Debts
Fines and Penalties,
Contributions

Signature & Date: *Robert Smith* July 1, 2019

Title: Executive Director

ABC International
123 Front Street,
Anytown, State 95668-1111

ORGANIZATION CHART:



Certificate of Indirect Costs

For Indirect (F&A) Cost Rate

This is to certify that to the best of my knowledge and belief:

- (1) I have reviewed the indirect (F&A) cost proposal submitted herewith;
- (2) All costs included in this proposal July 1, 2019 to establish billing or final indirect (F&A) cost rates for 2018 are allowable in accordance with the requirements of the Federal awards to which they apply and with Subpart E-Cost Principles of Part 200.
- (3) This proposal does not include any costs which are unallowable under Subpart E-Cost Principles of Part 200 such as (without limitation): public relations costs, contributions and donations, entertainment costs, fines and penalties, lobbying costs, and defense of fraud proceedings; and
- (4) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the Federal awards to which they are allocated in accordance with applicable requirements.

I declare that the foregoing is true and correct.

Nonprofit Organization: ABC International

Name of Official: Robert Smith

Title: Executive Director

Signature: *Robert Smith*

Date of Execution: 7/1/2019

Email Address: rsmith@non-profit.org

This certification:

- Is a requirement per 2 CFR Part 200 Subpart E Subsection 200.415 and Appendix IV Section D;
- Must be submitted as part of the annual indirect cost rate proposal; and
- Must be signed on behalf of the non-Federal entity by an individual at a level no lower than vice president or chief financial officer of the organization.

LOBBYING COST CERTIFICATE

I hereby certify that the ABC International has complied with the requirements and standards pertaining to lobbying costs in accordance with 2 CFR Part 200 for the following period: 2018

Name of Official: Robert Smith
Title: Exeucitve Director
Signature: *Robert Smith*
Email Address: rsmith@non-profit.org
Date of Execution: 7/1/2019

This certification:

- Is a requirement per 2 CFR Part 200 Subpart E Subsection 200.450(c)(2)(vi);
- Must be submitted as part of the annual indirect cost rate proposal; and
- Must be signed on behalf of the non-Federal entity by an individual at a level no lower than vice president or chief financial officer of the non-Federal entity.

Exhibit A- Rate Info

Name of Entity	ABC International	
Cost Data Based On	Actual	
Cost Year	FY 2018	
Types of Rates Requested	Provisional/Final	
Distribution Base	MTDC	
<u>Fiscal Year Dates</u>		
Start Date	1/1	
End Date	12/31	
<u>Requested Rate</u>		
Indirect Cost Pool	<u>524,202</u>	From Exh B
Distribution Base	<u>2,445,345</u>	From Exh B
Indirect Cost Rate	<u>21.44%</u>	
<u>Federal % Calculation</u>		
Program Expenses Charged to Federal Grants/Contracts	<u>1,116,340</u>	
Distribution Base	<u>2,445,345</u>	
Federal %	<u>45.65%</u>	
<u>Total Cost Reconciliation</u>		
Total Cost Per Financial Statements	<u>3,087,727</u>	F/S(5)
Indirect Cost Pool	524,202	From Exh B
Direct Cost Base	2,445,345	From Exh B
Excluded Expenses:		
Bad Debt	10,000	
Consultant/Communication	16,500	
Donations	8,000	
Interest	2,530	
Penalties	250	
Subawards	90,000	
Travel/Entertainment	900	
Total Cost Per Proposal	<u>3,097,727</u>	
Reconciliation Variance	<u>10,000</u>	Value of Volunteers added to the proposal

ABC International
FY 2018

Exhibit B - Schedule of Total Expenditures and Cost Details

	Direct Costs				Total Direct Base	Indirect Costs			Total Expenditures per Financial Statements	Costs Excluded from Rate Calculation
	Audited Total Programs	Program Adjustments	Audited Fundraising Costs	Fundraising Adjustments		Audited G & A	G & A Adjustments	Total Indirect Cost Pool		
Salaries	1,000,000		58,000		1,058,000	260,200		260,200	1,318,200	0
Fringe Benefits	200,000		10,000		210,000	52,000		52,000	262,000	0
Total Salaries and Fringes	1,200,000	0	68,000	0	1,268,000	312,200	0	312,200	1,580,200	0
Bad Debts	10,000	(10,000) 1/			0			0	10,000	10,000
Bank Fees	0			5,000 7/	5,000	6,750	(5,000) 7/	1,750	6,750	0
Depreciation (Exh G)	74,535		2,500		77,035	6,774		6,774	83,809	0
Donations	8,000	(8,000) 2/			0			0	8,000	8,000
Dues and Subscriptions	3,600		430		4,030	1,900		1,900	5,930	0
Equipment Rental	54,000		200		54,200	8,900		8,900	63,100	0
Insurance	12,000		1,090		13,090	2,600		2,600	15,690	0
Interests	500	(500) 3/			0	2,030	(2,030) 3/	0	2,530	2,530
Misc/Other	16,510				16,510	678		678	17,188	0
Occupancy (includes utilities)	242,000		23,000		265,000	65,000		65,000	330,000	0
Outreach	90,000				90,000			0	90,000	0
Penalties	0				0	250	(250) 8/	0	250	250
Postage and Shipping	14,500		16,700		31,200	8,500		8,500	39,700	0
Printing and Publication	21,000		1,300		22,300	3,000		3,000	25,300	0
Professional Services (see Exh F)	100,000	(8,000) 4/	8,000		100,000	77,000	(8,500) 4/	68,500	185,000	16,500
Program Materials & Supplies	110,000				110,000			0	110,000	0
Repair & Maintenance	80,000		4,500		84,500	6,900		6,900	91,400	0
Subawards (Exh D)	115,000	(90,000) 5/			25,000			0	115,000	90,000
Supplies	180,000		14,000		194,000	26,000		26,000	220,000	0
Telephone & Internet	12,200		11,900		24,100	6,000		6,000	30,100	0
Travel & Training	50,000		1,380		51,380	6,400	(900) 9/	5,500	57,780	900
Volunteer Services		10,000 6/			10,000			0	0	(10,000)
Total Other	1,193,845	(106,500)	85,000	5,000	1,177,345	228,682	(16,680)	212,002	1,507,527	118,180
TOTAL EXPENSES	2,393,845	(106,500)	153,000	5,000	2,445,345	540,882	(16,680)	524,202	3,087,727	118,180
	Must tie to F/S		Must tie to F/S		MTDC Base	Must tie to F/S		IC Pool	Must tie to F/S	

Adjustments/Unallowable Costs:

- 1/ Unallowable bad debt
- 2/ Unallowable donations made
- 3/ Unallowable interest
- 4/ Unallowable communications consultant
- 5/ Subwards in excess of the first \$25K
- 6/ Value of donated program services received
- 7/ Benefiting fundraising activities
- 8/ Unallowable penalties
- 9/ Unallowable entertainment

ABC International
FY 2018
Exhibit C - Indirect Salaries and Fringes (S & F)

Position Title/Description	Actual FY 2018 Salaries	% Included As Indirect	Actual FY 2018 Indirect	Duties & Responsibilities
Executive Director	60,000	40.00%	24,000	General Management
Asst. to Exec. Dir.	55,000	40.00%	22,000	General Management
VP of Administration	50,000	100.00%	50,000	General Management
VP of Operations	42,000	35.00%	14,700	General Management
Asst. to VP of Operations	30,000	15.00%	4,500	General Management
Accounting Staf	40,000	100.00%	40,000	Finance & Accounting
IT Staff	40,000	100.00%	40,000	IT
HR Staff	35,000	100.00%	35,000	Human Resources
Purchasing Staff	30,000	100.00%	30,000	Procurement
 Total Salaries	 <u>382,000</u>		 <u>260,200</u>	
<u>Fringe Benefits on Above Salaries:</u>				
Payroll Taxes (FICA)			20,166	
Medical & Dental Insurance			19,000	
State Unemployment			3,000	
Retiement Fund Contributions			8,500	
Workers' Comp Insurance			1,334	
Other (specify)				
Subtotal Fringe Benefits			<u>52,000</u>	
 Total Indirect Salaries & Fringes			 <u>312,200</u>	

ABC International
FY 2018
Exhibit D - Contract/Subcontract/Subaward Schedule

Project #	Subawardee Name	Total Amount of Subaward	A	B	C	D	E	F	G	H	(A-G) Amount to Exclude
			Amount Spent in FY 2018	Multi-Year Awards FY 2018 Is year of	Included in FY 2014 Base	Included in FY 2015 Base	Included in FY 2016 Base	Included in FY 2017 Base	Included in FY 2018 Base	Allowable As Direct	
x	A	300,000	35,000	5 of 5	75,000	100,000	55,000	35,000	35,000	0	35,000
xx	B	65,000	20,000	4 of 5		10,000	15,000		20,000	0	20,000
xxx	C	65,000	20,000	3 of 4			5,000	8,000	20,000	0	20,000
xxxx	D	40,000	15,000	2 of 2				25,000	15,000	0	15,000
xxxxx	E	25,000	25,000	1 of 1					25,000	25,000	0
Total			115,000		75,000	110,000	75,000	68,000	115,000	25,000	90,000

ABC International
FY 2018
Exhibit E - Federal Expenditures

Program Title	Federal Expenditures
Environmental Protection Agency:	1,843,007
Agriculture	353,106
Education	74,857
Total Federal Expenditures	<u>2,270,970</u>

ABC International

FY 2018

Exhibit F - Contractual Services/Professional Services and Other /Miscellaneous Costs

Detail of Indirect Contractual/Professional Services -

<u>Service Provider</u>	<u>Amount</u>	<u>Description of Purchased Services</u>
AMC CPA	\$20,000	Audit
QAN HR Services	17,000	HR and Payroll Services
TMS Legal	12,500	Labor laws-compliance review
XYZ Mgt Group	8,000	Revision to employee health benefits and retirement plan
DEF Tech	9,000	IT Services
ABC Pest Control	2,000	Pest Control Services
JAM Designs	8,500	Merchandise logo design
Total	<u>\$77,000</u>	To Exhibit C

Detail of Indirect Other/Miscellaneous

<u>Cost Details</u>	<u>Amount</u>	<u>Explanation</u>
Gas	384	Local travel with org vehicle for official business
Food	294	Administrative meetings held during lunch hours
Total	<u>\$678</u>	To Exhibit C