**This document is a template for Part I (Narrative and Certificates).**

**Please read the following instructions before making any changes to this template for your own use:**

Please use this template to provide information about your organization, the proposal, describe cost identification (program vs general and administrative), and allocation methodologies (costs allocated to direct costs and indirect costs).

Please note the cost elements listed in the Cost Policy Statement section of this template are general items. You must modify (add/rename/remove) cost elements based on the costs listed on the Total Cost Summary-Schedule B included in the proposal.

Please remove the instructions on this page and in each following section (all in red) as you complete them. When completed this document should reflect your organization’s costs allocation and recovery methodologies and provide guidance for understanding the costs presented in Part II-Financial Data section of the proposal.

Upon completion, please sign all sections required (electronically or manually) and save it as pdf for proposal submission.

     , 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 [insert type of rates] for the Fiscal Year(s) [insert years]. The proposal includes the following parts.

Part I: Narrative

* 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 (remove items not applicable)

* Audited Financial Statements
* A-133 Audit (required if expended $750K or more federal funds),
* IRS 990 (if expended less than $750K federal funds and audit do not exist), or
* General Ledger Reports

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 (XXX) XXX-XXXX.

Sincerely,

[Insert Name of the Person]

[Title]

[Organization Name]

[insert the checklist]

|  | **ORGANIZATION INFORMATION** |
| --- | --- |
| Entity Name |  |
| Entity Type |  |
| EIN |  |
| Phone Number |  |
| Mailing Address |  |
| Web Address |  |
| Focus of Work |  |

|  |  |  |
| --- | --- | --- |
|  | **PROPOSAL POINT OF** | **CONTACT INFORMATION** |
| Names |  |  |
| Position Titles |  |  |
| Email Addresses |  |  |
| Phone Numbers |  |  |

|  |  |
| --- | --- |
|  | **RATE(S) INFORMATION INCLUDED IN THIS PACKAGE** |
| Requested Rates(s) | Indicate the %(s) requested with this proposal - if multiple rates requested, please identify each rate with the applicable account names (G&A, Fringe Benefits, Overhead, On-Site, Off-Site, etc.) |
| Requested Rate(s) Type | Choose an item. |
| Distribution Base(s) | Please describe the base of application for the rate requested - if multiple rates included please describe the base application for each rate, properly labeled |
| Requested Year(s) | Indicate the year(s) the rate(s) will be applied |
| Proposal is Based on | Indicate actual or budgeted costs (if actual, identify year) |

|  |  |
| --- | --- |
|  | **RATE(S) RELATED OTHER INFORMATION** |
| Negotiation History | Choose an item. |
| Fiscal Year Inclusive Dates | Indicate the fiscal year start and finish dates |
| Rate Development Method | Choose an item. |
| Fringe Benefits Treatment | Describe how fringe benefits are budgeted/charged to programs and G&A on funding documents |
| PTO Treatment | Describe how PTOs are budgeted/charged to programs and G&A |
| Federal Fund Types Received | Choose an item. |
| Basis of Accounting | Choose an item. |
| Supplementary Information Included with the Package | Choose an item. |

## COST POLICY STATEMENT

1. Description of Accounting System Used by the Organization: In this section please describe the organization’s accounting system used for recording all accounting activities. Please indicate the capacity in managing activities, capabilities, and limitations.

II. Cost Allocation Methodology used for the Financial Statements: In this section, please describe the allocation method used by the auditors to determine the functional expenses for the programs, fundraising, and management and general expenses. Explanation added here will eliminate questions regarding differences between audited functional expenses for each function and the costs reported for the same functions on the Summary Schedule.

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

1. Salaries and Wages: In this section please describe the following:

Time & Attendance System: Description of actual system (software, excel, etc.) used for reporting time and provide sample time sheets as an exhibit at the end of this document.

Personnel Time Allocation Policy: Please describe organization’s policies for identifying and charging personnel time to programs and administrative activities.

Indirect Salaries: Please provide the list of positions/departments included in the indirect cost pool at 100%. If staff/department(s) primarily designated as program activity but partly allocated to indirect cost pool, please provide justification for allocating part to indirect cost pool. Part II of the proposal also requires the same information in actual $ amounts and %s, however, the explanation for salaries added here will aid the amounts reported for indirect salaries.

*Note Regarding Salaries: Personnel costs must be supported by auditable accounting records and costs are limited to those allowable under the 2 CFR 200.430.*

1. Fringe Benefits: Please provide the list of fringe benefits paid by the organization on behalf of the employees and further describe the deification and allocation method used for distribution of the costs between direct programs and indirect activities.
2. Travel: Please provide the list of costs grouped under item (lodging, airfare, rental car, meals & incidentals, etc.). Additionally, please provide the typical purposes justifying indirect personnel travel.

*Note: Costs incurred for travel must be supported by auditable travel vouchers and costs are limited to those allowable under the Federal Travel Regulations, unless expressly allowed by a contract or grant.*

1. Board Expenses: Please explain the # of board members, compensation type paid, how often they meet, and provide the list of costs associated with the meetings.

*Note: If travel costs are part of the list please keep in mind those costs must be limited to expenses allowed under Federal Travel Regulations.*

1. Supplies and Material: Please explain the type of supplies and materials costs incurred and how they are reported on the cost schedule. If the cost is split between direct cost base and indirect cost pool, please further explain how the amounts is charged to each category is determined.
2. Occupancy Expenses: This category captures all occupancy related costs such as rent, utilities, and repairs and maintenance. Please provide the list of expenses associated with your organization’s occupancy activities and explain the allocation of the costs based on the following:

Simplified allocation method: Under this method all occupancy costs should be included in the indirect cost pool. However, this only applies if such costs are not being direct charged to the grants/contracts under agreements. Entity must maintain records to support the treatment with grant funding budget/billing records if/when questioned by the negotiator.

Direct allocation or multiple allocation methods: If this method is used please provide the allocation base used for determining amounts applied to direct programs and indirect cost pool. Examples for allocation bases for occupancy distribution are FTE occupied, labor dollars, sq-ft analysis, etc.

1. Communications: This section applies to all telephone, internet, postage, etc. charges. Please describe the method used for identifying direct and indirect costs for each item under this category. An example for telephone may be, monthly flat charges for phone lines charged to indirect but long-distance calls identified with specific programs are charged to direct costs.
2. Photocopying and Printing: Please describe how the entity keeps track the cost and charge to programs and indirect.
3. Outside Services: This line item is designed to capture consultants, contractual services, and professional services costs. Entity may hire a consultant or legal expert to provide program specific work but may incur indirect costs as contractual services under indirect for its annual audit, legal fees, and for staff development work. Please explain the direct and indirect services rendered and the allocation method used for identifying each category. Part II (excel file) has a tab designated for itemized indirect cost pool portion with corresponding amounts.

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. Capital Expenditures must be excluded from indirect cost rate calculation and items purchased with non-Federal funds are recovered through depreciation charges.

K. Depreciation Charges: First, please describe the organization’s depreciation method used for reporting cost of capital assets in compliance with GAAP. Second, please describe simplified or direct allocation method is used for recovery of the costs.

If the entity’s method of identifying and charging the costs to programs, follow simplified method then the capital items purchased with non-Federal funds should be included in the indirect costs. If direct allocation method is used, then please describe the allocation base used for amount determination for direct costs and indirect costs.

*Note for depreciation on capital assets purchased by federal grant funds: GAAP require all capital assets to be depreciated. While these assets are depreciated for reporting purposes, under no circumstances the depreciation on such assets can be recovered with the indirect cost rate. Depreciated assets purchased by federal grants are considered unallowable expense and must be excluded from the rate calculation.*

L. Subscriptions and Membership Dues: Please describe the type of subscriptions and membership dues paid and explain how the associated costs are treated in the proposal.

1. Conferences and Meetings: Please describe the costs associated with attending meetings or conferences and explain how the costs are identified and charged as program or indirect costs.
2. Unallowable Costs: Please provide a list of names of unallowable costs the organization incurs and explain internal controls in place to insure such costs are not charged to Federal awards.

Signature & Date:

Title:

NAME OF ORGANIZATION Nonprofit Organization

Street/Mailing Address

City, State Zip-Code

ORGANIZATION CHART:

Please insert your entity’s Org Chart here

**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 [identify date of submission] to establish billing or final indirect (F&A) cost rates for [identify period(s) covered by the rate(s)] 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:

Name of Official:

Title:

Signature:

Email Address:

Date of Execution:

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 Name of organization has complied with the requirements and standards pertaining to lobbying costs in accordance with 2 CFR Part 200 for the following period: insert fiscal year(s) covered by the indirect cost proposal

Nonprofit Organization:

Name of Official:

Title:

Signature:

Email Address:

Date of Execution:

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.