

July 1, 2024

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) 2023 and 2025, 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

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

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

Part III: Supplemental Data

- Audited Financial Statements
- Single Audit
- Depreciation Schedule

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)

Proposal Includes

PART I – NARRATIVE INFORMATION

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|-------------------------------------|------------------|-------------------------------------|
| 1) Contact information:
(Organization info including mailing address, EIN, POC names including phone numbers and emails) | <input checked="" type="checkbox"/> | | |
| 2) Rate Information - including rate year(s) requested, base description, and rate history. | <input checked="" type="checkbox"/> | | |
| 3) Signed Cost Policy Statement for allocating and identifying direct and indirect costs. | <input checked="" type="checkbox"/> | | |
| 4) Organization chart | <input checked="" type="checkbox"/> | | |
| 5) Signed Certificate of Indirect Costs . | <input checked="" type="checkbox"/> | | |
| 6) Signed Lobbying Certificate . | <input checked="" type="checkbox"/> | | |
| 7) Treatment of Paid Absences (1st year submission). | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |

PART II –SCHEDULES AND COST DATA

- | | | | |
|---|-------------------------------------|--|--|
| 8) Exhibit A -- Rate Information
(Type of rates, distribution base, calculated rate, federal percentage information). | <input checked="" type="checkbox"/> | | |
| 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), excluded costs with footnote explanation, and direct costs and indirect costs. | <input checked="" type="checkbox"/> | | |
| 10) Exhibit C - Indirect Salaries, Wages, and Fringes
(Indirect salaries by position title, salary amount, and percentage allocated to indirect cost). | <input checked="" type="checkbox"/> | | |
| 11) Exhibit D - List of Subawards <u>given out</u> by the Entity (required for Total Direct Cost (TDC) base only).

<i>Effective October 1, 2024, each subawards up to the first \$50,000 can be included in the direct cost base for the rate calculation purposes. Entity must use the first \$25,000 limitation for indirect cost rate determination on subawards prior to 1 October 2024.</i>

<i>These limitations apply regardless of the period covered by the subaward</i> | <input checked="" type="checkbox"/> | | |
| 12) Exhibit E - Schedule of Expenditures of Federal Awards
(If not included in the audited financial statements). | <input checked="" type="checkbox"/> | | |
| 13) Exhibit F – Contractual Expenditures and Other Costs Data (if applicable). | <input checked="" type="checkbox"/> | | |
| 14) Exhibit G – Depreciation Schedule Summary (If depreciation is included as an indirect cost). | <input checked="" type="checkbox"/> | | |

PART III – SUPPLEMENTAL INFORMATION

- | | | | |
|--|-------------------------------------|--------------------------|-------------------------------------|
| 15) Depreciation Schedule
(If depreciation is included as an indirect cost) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16) Cost Validation | | | |
| Audited Financial Statements | <input checked="" type="checkbox"/> | | <input type="checkbox"/> |
| Single Audit | <input checked="" type="checkbox"/> | | <input type="checkbox"/> |
| General Ledger Reports | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |
| IRS Form 990 | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |
| 17) Entity's majority direct federal funding agency <input type="text" value="EPA"/> | | | |
| Is this the same federal agency as last year? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| 18) The 3 most recent signed negotiation agreements (1 st year submission only). | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |
| 19) The IRS letter granting nonprofit status (1 st year submission only). | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |

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% Final (see attached Exhibits A through F) 20.58% Provisional
Requested Rate(s) Type	Provisional/Final
Distribution Base(s)	2023: Total direct costs, less capital expenditures and the portion of subawards in excess of the first \$25k 2025: Total direct costs, less capital expenditures and the portion of subawards in excess of the first \$50k
Requested Year(s)	2023 and 2025
Requested Rates are Based on	2023 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 and Single Audit

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 amount 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 benefits 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 website is charged to indirect and direct based on time spent on benefiting functions.

- 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

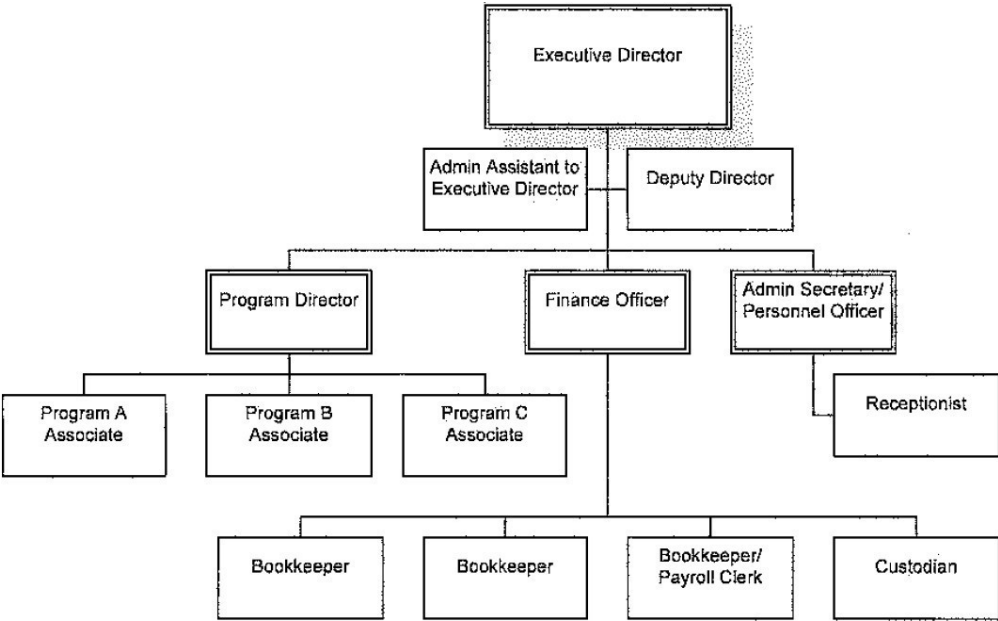
- J. Capital Items: Capital expenditures are charged directly to programs only in cases where a contract or grant specifically authorizes such charges. No capital item should be charged indirectly. The cost of capital items purchased with non-Federal funds are recovered through depreciation charges.
- K. 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 square foot 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 periderm 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 ensure 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, 2024

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, 2024 to establish billing or final indirect (F&A) cost rates for 2023 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: 7/1/2024

Email Address: rsmith@non-profit.org

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: 2023

Name of Official: Robert Smith
Title: Executive Director
Signature: Robert Smith
Email Address: rsmith@non-profit.org
Date of Execution: 7/1/2024

Exhibit A- Rates and Details

**Cost Data Based On
Cost Year**

Actual
2023

Requested Rate

Indirect Cost Pool	524,202	From Exh B
Distribution Base	2,445,345	From Exh B
Computed Indirect Cost Rate	21.44%	

Federal % Calculation

Program Expenses Charged to Federal Grants/Contracts, less adjustments for exclusions	1,026,340
Distribution Base	2,445,345
Federal %	41.97%

Total Cost Reconciliation

Total Cost Per Financial Statements	3,087,727
-------------------------------------	-----------

Indirect Cost Pool	524,202	From Exh B
Direct Cost Base	2,445,345	From Exh B

Excluded Expenses:

Bad Debt	10,000
Bank Fees (Credit Card Fees)	0
Donations	8,000
Interest Costs	2,530
Miscellaneous (Gifts & Awards)	0
Consultant/Communication	16,500
Marketing & Promotion	0
Legal-Litigation	0
Fundraising	0
Lobbying	0
Travel (Entertainment)	900
Subawards > \$25,000	90,000
Penalties (Late Fees)	250
Total Cost Per Proposal	3,097,727

Reconciliation Variance	10,000	Value of Volunteers added to the proposal
-------------------------	--------	---

Note: Part II of the proposal package include cost details provided in Excel format supporting the rate calculation above.

**Cost Data Based On
Cost Year**

Budgeted
2025

Following rate calculation accounts for the changes in 2 CFR 200 allowing subawards up to the first \$50,000.

Requested Rate

Indirect Cost Pool	524,202
Distribution Base	2,547,345
Computed Indirect Cost Rate	20.58%

Federal % Calculation

Program Expenses Charged to Federal Grants/Contracts, less adjustments for exclusions	1,128,340
Distribution Base	2,547,345
Federal %	44.29%

Total Cost Reconciliation

Total Cost Per Financial Statements	3,114,727
-------------------------------------	-----------

Indirect Cost Pool	524,202	From Exh B
Direct Cost Base	2,547,345	From Exh B
Excluded Expenses:		
Bad Debt	10,000	
Bank Fees (Credit Card Fees)		
Donations	8,000	
Interest Costs	2,530	
Miscellaneous (Gifts & Awards)		
Consultant/Communication	16,500	
Marketing & Promotion		
Legal-Litigation		
Fundraising		
Lobbying		
Travel (Entertainment)	900	
Subawards > \$50,000	15,000	
Penalties (Late Fees)	250	
Total Cost Per Proposal	3,124,727	
Reconciliation Variance	10,000	Value of Volunteers added to the proposal

Note: Part II of the proposal package include cost details provided in Excel format supporting the rate calculation above.