**Indirect Cost Proposal: Non-Profit: Sample[[1]](#footnote-1)**

# SAMPLE INDIRECT COST PROPOSAL

**NON-PROFIT**

**This is a short, simplified sample of an Indirect Cost Proposal. Using this type of format, or a similar one, would enable the National Business Center to expedite the negotiation of your indirect cost rate.**

**Information and examples used in this proposal are fictitious and represent no particular organization.**

**This is an example only.**

**If your accounting year, cost elements, or other information differs from the example, appropriate changes are necessary.**

“Name of Organization” (EIN: xx-xxxxxxx)

1234 Front Street

Anytown, State 95668-1111

Tel: (123) 456-7890

Fax: (123) 456-7891

Website: [http://www.non-profit.org](http://www.nonprofit.org)

Contact Person(s): Robert Smith, Executive Director Email: rsmith@non-profit.org

 Andrea Brown, Finance Officer Email: abrown@non-profit.org

**A. INTRODUCTION**

“*Name of Organization”* is a non-profit located in Anytown, State. The non-profit administers a variety of programs funded by Federal, State, and Local agencies. These programs include Community Service programs, Head Start programs, State Source Reduction Assistance Programs, Pollution Prevention Grants, and Environmental Policy and Innovation Grants. (This example assumes a June 30 fiscal year-end. Non-profits can have different year-ends and should use their year-end when preparing indirect cost proposals).

**B. TYPE OF RATE AND TIME PERIOD[[2]](#footnote-2)**

We are requesting to negotiate the following indirect cost rates (check all that apply and provide dates):

X

(a) Final Indirect Cost Rate for the fiscal year ending June 30, 2006.

(b) Provisional Indirect Cost Rate for the fiscal year ending June 30, 2008 based on the same Final Indirect Cost Rate above. (A separate proposal is not necessary.)

X

 (c) Provisional Indirect Cost Rate for the fiscal year(s) ending \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ based on budget estimates. A separate proposal and/or separate schedules are provided.

 (d) Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**C. NEGOTIATION HISTORY**

(a) We have received an official written approval of our indirect cost rate from the DHHS Division of Cost Allocation.

X

(b) This is our initial request for the approval of our indirect cost rate. None of the federal agencies have ever officially approved of our rate through a signed negotiation agreement.

(c) We have received an official written approval of our indirect cost rate from U.S. Department of \_\_\_\_\_\_(fill in the blank)\_\_\_\_\_\_\_ (other than the DHHS Division of Cost Allocation). Attached you will find our **3** most recent signed indirect cost rate agreements. (Only required for first-time negotiations.)

**D. COST ALLOCATION METHODOLOGY**

**Elements of Cost (see Schedule A)**: This proposal addresses all elements of cost incurred by “*Name of Organization”* and identifies shared costs that require allocation. The non-profit treats all costs as direct costs except general administration and other indirect expenses. Joint costs are prorated individually as direct costs to each category and to each award using a base most appropriate to the particular cost being prorated. Therefore, the direct allocation method has been used in allocating indirect costs. Each category of non-salary expenditures has been analyzed based on the facts, and Schedule A shows the allocation between Direct costs and Administrative Services (Indirect) Pool.

**E. DIRECT COSTS**

Direct costs are costs that can be identified specifically with a project and therefore are charged to that project. The accounting system records these costs as they are incurred within the series of accounts assigned for that purpose. Further distribution is not required. The “*Name of Organization”* maintains adequate internal controls to insure that no cost is charged both directly and indirectly to Federal contracts or grants.

**F. INDIRECT COSTS**

Indirect costs are costs incurred for common or joint objectives and therefore cannot be readily and specifically identified with a particular direct project or activity. These costs are grouped into common pool(s) and distributed to benefiting activities by a cost allocation process. **See Schedule B “Indirect Salaries, Wages and Fringes.”**

**G. COST POOL AND BASE FOR DISTRIBUTION**

The non-profit has created an Administrative Services (Indirect) Pool consisting of salaries, fringe benefits, and other indirect costs. The Administrative Services (Indirect) Pool is charged with all the indirect costs as defined above. The pool is distributed to the various program activities on the following basis (check applicable base).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|

|  |
| --- |
| **X** |

 | Indirect Cost Pool | $347,392 |

|  |
| --- |
| 31.26% |

 |  |
|  | Base (Direct Salaries & Wages,  | $1,111,343 |  | Please Note |
|  |  excluding fringe benefits) |  |  |  |
|

|  |
| --- |
|  |

 | Indirect Cost Pool | $347,392 |

|  |
| --- |
| 26.45% |

 | These are typical examples of the distribution bases used to calculate Indirect Cost Rates. |
|  | Base (Direct Salaries & Wages,  | $1,313,562 |  |  |
|  |  including fringe benefits) |  |  |  |
|

|  |
| --- |
|  |

 | Indirect Cost Pool | $347,392 |

|  |
| --- |
| 14.59% |

 | Please select the one that provides the most equitable distribution. |
|  | Base (Modified Total Direct Costs, | $2,380,528 |  |  |
|  |  less capital expenditures and  the portion of subawards in excess of $25,000. |  |  | Only select the method used by your organization. |
|

|  |
| --- |
|  |

 | Indirect Cost Pool | $347,392 |

|  |
| --- |
| \_\_\_\_\_\_% |

 | Do not change the distribution base without prior approval from the cognizant federal agency. |
|  | Base (Other – Please describe) | $\_\_\_\_\_\_\_\_\_\_\_ |  |  |

Volunteers are included in the direct salaries total because they benefited significantly from services provided by the indirect cost pool. The total direct salaries and wages on which this proposal is based is $1,111,343 which includes $99,230 of volunteer salaries and wages for the program. Volunteers involved in any direct activity of the organization should be included in the direct salaries base pursuant to 45 C.F.R. §§ 75.405(b) and 75.434(d).

**H. SUPPORTING FINANCIAL STATEMENTS**

The Schedule of Total Expenditures (Schedule C) contained in this proposal agrees with the non-profit’s audit report, Statement of Functional Expenses, or IRS Form 990, as applicable.

NOTE: Non-profit must include a complete copy of the audited financial statements with their proposal submission. For organizations that do not require an audit because federal expenditures are less than $500,000, attach a complete signed copy of the IRS Form 990.

**I. DESCRIPTION OF ACCOUNTING SYSTEM**

{SAMPLE – Adjust to fit your organization} The [non-profit entity] uses a [modified accrual] system of accounting. Under the [modified accrual] basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measureable and available). “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all federally-funded revenue. Expenditures are recorded when the related liability is incurred.

We have not made any significant changes [or We have made significant changes] during the proposal fiscal year (1) to our accounting system, or (2) to the definition or to the accounting treatment of any expense category (e.g. a change in building/equipment costing methodology, capitalization level, or a change in charging an expense from direct to indirect or visa versa). Note: Changes in the allocation methodology should be identified here as well as reported on the Element of Costs (Schedule A). See Section D above.

**J. INDIRECT SALARIES**

**See Schedule B** for a listing of the positions who comprise the Administrative Services (Indirect) Pool. These positions are charged the applicable percentage to Administrative Services in the indirect cost pool.

If the indirect percentage for any employee is less than 100%, please include a description of the non-profit’s timekeeping system as requested on Schedule B footnote 2. According to 45 C.F.R. § 75.430(i), “Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.”

Please note: According to the [National Institutes of Health Office of Extramural Research’s website](http://grants.nih.gov/grants/policy/salcap_summary.htm), there is a salary cap on Executive Level pay that is allowed to be in the computations. THIS DOES NOT AFFECT HOW MUCH THE ORGANIZATION CAN PAY THEIR EMPLOYEES. Rather, it is a cap placed on how much of the employee’s salary and related fringe that can be included in the direct base and indirect cost pool. The organization may pay an individual’s salary amount in excess of the salary cap using nonfederal funds.

**K. PAID ABSENCES CERTIFICATION**

See attached Statement of Treatment of Paid Absences- Required for first year submission only and in successive proposals when revised.

**L. MISCELLANEOUS - UNALLOWABLE/EXCLUDABLE COSTS AND ALLOCABLE COSTS**

Unallowable/Excludable - The following costs are determined to be unallowable costs: lobbying, fundraising[[3]](#footnote-3), entertainment, fines and penalties, bad debts, and food costs. The following are considered excludable costs: capital expenditures, pass-through funds, and the portion of subawards given out that are greater than $25,000 (see section M for subaward listing[[4]](#footnote-4)).

Allocable – Depreciation and Occupancy costs (e.g. rent, utilities, telephone, insurance, and maintenance expenses) are allowable as either direct and/or indirect costs. According to the cost principles, “Where an organization’s indirect costs benefit its major functions in varying degrees, indirect costs must be accumulated into separate cost groupings . . .” (45 C.F.R. Part 75, Appx. IV, Subsection B.3) Under the simplified allocation method, “Where an organization’s major functions benefit from its indirect costs to approximately the same degree, the allocation of indirect costs may be accomplished by (i) separating the organization’s total costs for the base period as either direct or indirect, and (ii) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base.” (45 C.F.R. Part 75, Appx. IV, Subsection B.2)

- Depreciation – Are any depreciated line items used exclusively by a specific program or by direct-related personnel? The only items that should be included in the indirect cost pool are those that benefit all activities of the organization, cannot be readily identified to a particular final cost objective, and purchased using non-federal funds. Since depreciation is an allowable expense, we recommend that organizations allocate the depreciation between direct and indirect, if possible.

- Occupancy costs – How are the physical spaces laid out? Is there a floor plan that identifies space occupied by direct program personnel and by administrative (indirect) functions? Is the total space evenly characterized between direct and indirect activities, or is the separation of program and administrative personnel distinct and unevenly distributed in proportion to one another? These are some of the questions to consider in whether or not it would be fair and equitable to allocate the occupancy expenses and only include the occupancy expenses for common areas in the indirect cost pool.

Acceptable methodologies for allocating depreciation and occupancy costs include:

- actual usage – for depreciation, equipment can be tied directly to a direct program or indirect-related personnel; for occupancy, a floor plan has been prepared which identifies space occupied by direct personnel, by indirect personnel, and common-use areas.

- on the basis of either the employees and other users on a full-time equivalent (FTE) basis or salaries and wages of those individual functions benefiting from the use of the equipment or from the use of that space;

- on the basis of organization-wide employee FTEs or salaries and wages applicable to the benefiting functions of the organization.

Reference: 45 C.F.R. Part 75, Appx. IV, Subsection B.3.c

**M. subaward listing**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Multi-year** |  |  |  |
|  | **Subawardee** | **Total Amount** | **Amount** | **Awards:** | **Allowable as** |  | **Amount to** |
|  | **Name** | **of Subaward** | **Spent in FY 06** | **FY 06 is year** | **Direct Costs** |  | **Exclude** |
| 1 | Subawardee A | $26,000 | $26,000 | 1 of 1 | $25,000 |  | $1,000 |
| 2 | Subawardee B | $25,000 | 25,000 | 1 of 1 | 25,000 |  | 0 |
| 3 | Subawardee C | $100,000 | 20,000 | 1 of 5 | 20,000 |  | 0 |
| 4 | Subawardee D | $75,000 | 25,000 | 2 of 3 | 0 | \* | 25,000 |
| 5 | Subawardee E | $55,000 | 55,000 | 1 of 1 | 25,000 |  | 30,000 |
| 6 | Subawardee F | $200,000 | 60,000 | 1 of 4 | 25,000 |  | 35,000 |
| 7 | Subawardee G | $15,000 | 15,000 | 1 of 1 | 15,000 |  | 0 |
| 8 | Subawardee H | $10,000 | 10,000 | 1 of 1 | 10,000 |  | 0 |
| 9 | Subawardee I | $45,000 | 45,000 | 1 of 1 | 25,000 |  | 20,000 |
| 10 | Subawardee J | $525,000 | 105,000 | 3 of 5 | 0 | \* | 105,000 |
|  |  |  | $386,000 |  | $170,000 |  | $216,000 |
|  |  |  |  |  |  |  |  |
| \* Only the first $25,000 of each subawards is allowable (regardless of the period covered by the subawards). |  |  |  | $386,000 |
|  |  |  |  |  |  |  | check figure |

**N. CAPITAL THRESHOLD AND DEPRECIATION SCHEDULE**

The established capital threshold for capitalizing equipment is $5,000. Capital threshold is the dollar value above which asset acquisitions are added to the capital asset accounts and depreciated over the period of useful service (useful life). Please attach a depreciation schedule that identifies those items included as indirect costs ($6,774) and shows the item name, purchase date, term, and amount. Any portion of the cost borne by or donated by the federal government is excluded.

**O. SCHEDULE OF EXPENDITURE**

See Schedule D.

**P. FEDERAL PERCENTAGE**

See Schedule C. This is the estimated percentage of federal funding used in the distribution base of the indirect cost rate calculations. (Note: This information is for NBC internal purposes only and has no impact on the indirect cost rate.)

**Q. ORGANIZATION CHART**

See Schedule E.

**R. CERTIFICATION OF INDIRECT COSTS AND LOBBYING COST CERTIFICATE**

See Attached.

**S. Non-profit status verification**

Attached you will find our IRS letter granting non-profit status (required for first year submission only).

**Schedule A – Elements of Cost {adjust to fit your organization}**

| **Elements of Cost** |  | **Methodology of Allocation**  |
| --- | --- | --- |
| Contractual services |   | Actual usage |
|   |   |   |
| Depreciation / use allowance |   | Direct and Indirect cost |
|   |   |   |
| Emergency assistance payments |   | Direct cost |
|   |   |   |
| Equipment rental and maintenance |   | Rental and maintenance on equipment used in central office finance office |
|   |   |   |
| Equipment / capital |   | Purchasing of office furniture for use in performing administrative services |
|   |   |   |
| Equipment / minor |   | Actual usage |
|   |   |   |
| Insurance |   | Actual usage |
|   |   |   |
| Occupancy |   | Central office repairs and utilities on basis of square footage used for administrative services |
|   |   |   |
| Office supplies |   | Office and janitorial supplies for administrative and program services |
|   |   |   |
| Other expenses |   | Based on administrative services actual use |
|   |   |   |
| Postage |   | Actual usage |
|   |   |   |
| Printing |   | Actual usage |
|   |   |   |
| Professional fees  |   | Accounting and audit services, payroll processing services, charged on work performed for administrative services |
|   |   |   |
| Program materials |   | Direct cost |
|   |   |   |
| Program supplies |   | Charged to project as costs are incurred; direct cost |
|   |   |   |
| Renovations and improvements |   | Direct cost |
|   |   |   |
| Telephone |   | Basic services allocated on number of instruments, toll calls charged on basis of logs of such calls for administrative services |
|   |   |   |
| Travel |   | Actual usage |

The methodologies used in this example are not recommended methodologies. They are used for demonstration purposes only. Allocation of costs should be accomplished on a cost benefit basis. This cost benefit can be different from one non-profit to the next. Any change in the allocation methodology (from the prior year) should be explained. Also, include explanatory information for individual cost elements as shown above.

**Schedule B – Indirect Salaries, Wages and Fringes**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Title/Description** | **Actual FY 2006 Expenditures 1/** | **% Indirect****2/** | **Actual FY 2006 Indirect Cost Pool** | **Proposed****FY 2008 Indirect Costs** | **Comments** |
|  Salaries: |  |   |   |   |  |
|  Executive Director | $49,754 | 100% | $49,754 | $49,754  | General Management |
|  Deputy Director | 30,664 | 100% | 30,664 | 30,664 | General Management |
|  Admin Assistant to Exec Dir | 21,566 | 100% | 21,566 | 21,566 | Administration |
|  Admin Secty/Pers Officer | 17,087 | 100% | 17,087 | 17,087 | Human Resources |
|  Finance Officer | 26,484 | 100% | 26,484  | 26,484  | Finance/Accounting |
|  Bookkeeper | 20,797 | 100% | 20,797 | 20,797 | Finance/Accounting |
|  Bookkeeper | 34,430 | 50% | 17,215  | 17,215  | Finance/Accounting |
|  Bookkeeper/Payroll Clerk | 31,120 | 50% | 15,560 | 15,560 | Finance/Accounting |
|  Custodian | 11,744 | 25% | 2,936 | 2,936 | Facilities Maintenance |
|  Receptionist | 14,232 | 100% | 14,232 | 14,232 | Administration |
| Subtotal Salaries 3/ |  |  | 216,295 | 216,295 |  |
|   |   |  |  |  |  |
| Fringe Benefits on Above Sal: |  |  |  |  |  |
|  FICA | 93,971 |  | 16,546 | 16,546 | Estimated same as FY 2006 |
|  State Unemployment | 6,503 |  | 1,145  | 1,145  | Estimated same as FY 2006 |
|  Health/Life Insurance | 127,638 |  | 22,474 | 22,474 | Estimated same as FY 2006 |
|  Retirement Plan | 17,322 |  | 3,050  | 3,050 | Estimated same as FY 2006 |
| Subtotal Fringe Benefits 3/ |  |  | 43,215 | 43,215 |  |
|  |  |  |  |  |  |
| Total Indirect Salaries, Wages and Fringes |  |  | $259,510 | $259,510 |  |
|  |  |  |  | 4/ |  |

1/ Actual expenditures are reconcilable to the audited financial statements, the General Ledger, and/or other supporting documentation.

2/ If the indirect percentage for any employee is less than 100%, please include a description of the non-profit’s timekeeping system to support compliance with the standards of 2 CFR 230 Appendix B Subsection 8.m.(2) and provide a copy of a signed and completed time sheet.

3/ Costs are treated as indirect costs and should not be allowed as direct charges to contracts and grants. All other costs are either direct or indirect depending on whether they apply to direct or indirect activities.

4/ If the proposed indirect costs for the provisional year being negotiated is based on budgeted amounts (i.e. the total indirect costs are different), please provide separate Schedules B and C for both fiscal years.

Note: The non-profit’s fringe benefit policies should be included with the initial proposal submission and in successive proposals when revised.

| **Schedule C:**  |  |  | **SCHEDULE OF TOTAL EXPENDITURES (6/30/2006)** |
| --- | --- | --- | --- |
| **A** | **B** | **C** |  | **D** | **E** | **F** | **G** | **H** | **I** |
| **ELEMENTS OF COSTS**  | **FINANCIAL STATEMENT EXPENDITURES** | **ADJUSTMENTS/ UNALLOWABLE COSTS****(See footnote)** |  | **EPA PROGRAM****A** | **AGRICULTURE****PROGRAM****B** | **STATE/LOCAL****PROGRAM****C**  | **MEMBERSHIP, FUNDRAISING & LOBBYING** | **(D)+(E)+(F)+(G) TOTAL DIRECT COSTS** | **INDIRECT COSTS**  |
| Salaries and wages  | $1,327,638  | 0 |  | $950,615  | $140,831  | $18,305  | $1,592  | $1,111,343  | $216,295  |
|  |
| Fringe benefits  | 245,434  | 0 |  | 170,107  | 28,138  | 3,657  | 317  | 202,219  | 43,215  |
|  |
| **Subtotal labor & fringes** | **$1,573,072**  | **0** |  | **$1,120,722**  | **$168,969**  | **$21,962**  | **$1,909**  | **$1,313,562**  | **$259,510**  |
|  |  |  |  |  |  |  |  |  |  |
| Contractual services  | $245,420  | 0 |  | $207,770  | $3,493  | $34,157  | $0  | $245,420  | $0  |
| Depreciation/use allowance | 41,582  | 0 |  | 29,772  | 4,412  | 574  | 50 | 34,808  | 6,774  |
| Emergency asst. payments  | 72,859  | 0 |  | 0  | 52,809  | 20,050  | 0  | 72,859  | 0  |
| Equipment rental and maintenance | 11,448  | 0 |  | 5,194  | 592  | 0  | 281  | 6,070  | 5,378  |
| Equipment / capital | 58,215  | (58,215) | 1/ | 0  | 0  | 0  | 0  | 0  | 0  |
| Equipment / minor | 546  | 0 |  | 0  | 0  | 546  | 0  | 546  | 0  |
| Program materials | 124,616  | 0 |  | 124,616  | 0  | 0  | 0  | 124,616  | 0  |
| Insurance | 12,554  | 0 |  | 8,209  | 92  | 85  | 373  | 8,759  | 3,795  |
| Occupancy | 129,314  | 0 |  | 100,956  | 24,637  | 459  | 233  | 126,285  | 3,029  |
| Office supplies | 32,540  | 0 |  | 13,317  | 1,794  | 3,649  | 842  | 19,602  | 12,938  |
| Other expenses | 36  | (36) | 2/ | 0  | 0  | 0  | 0  | 0 | 0   |
| Subaward | 386,000 | (216,000) | 3/ | 100,000 | 70,000 |  |  | 170,000 | 0 |
| Postage | 3,901  | 0 |  | 301  | 476  | 125  | 2,467  | 3,369  | 532  |
| Professional fees | 34,211  | 0 |  | 0  | 0  | 0  | 0  | 0 | 34,211  |
| Program supplies | 109,663  | 0 |  | 55,241  | 7,603  | 40,659  | 6,160  | 109,663  | 0  |
| Printing | 65,697  | 0 |  | 7,022  | 5,140  | 1,345  | 44,838  | 58,345  | 7,352  |
| Renovations and improvement | 16,470  | (16,470) | 1/ | 0  | 0  | 0  | 0  | 0  | 0  |
| Telephone | 29,013  | 0 |  | 13,331  | 5,788  | 349  | 600  | 20,068  | 8,945  |
| Travel | 71,292  | 0 |  | 56,553  | 7,298  | 2,513  | 0  | 66,364  | 4,928  |
| **Subtotal other** | **$1,445,377**  | **($290,721)** |  | **$722,285**  | **$184,134**  | **$104,511**  | **$55,844**  | **$1,066,774**  | **$87,882**  |
|   |   |   |  |   |   |   |   |   |   |
| **TOTAL** | **$3,018,449**  | **($290,721)** |  | **$1,843,007**  | **$353,103**  | **$126,473**  | **$57,753**  | **$2,380,336**  | **$347,392**  |

|  |  |
| --- | --- |
|  Federal Percentage Calculation: |   |
| Federal funds used in base:  | $1,091,446  |   |
|   | ----------------- | 98.21% |
| Total direct salaries base: | $1,111,343 |   |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Reconciliation: |  |  |  | Adjustments/Unallowable Costs: |
| Direct costs | $2,380,336  |  |  | 1/ capital outlay related to unallowable activities per 2 CFR 230 Appendix B Subsection 15 |
| Indirect costs | $347,392  |  |  | 2/ bad debt, unallowable per 2 CFR 230 Appendix B Subsection 5 |
| Exclusions | $290,721  |  |  | 3/ subaward over $25,000 (see detail schedule in Section M) |
| Total expenditures | **$3,018,449**  |  |  |  |

|  |  |
| --- | --- |
|  Indirect Cost Rate Calculation: |   |
| Adjusted indirect costs (above - pool):  | $347,392  |   |
|   | ----------------- | 31.26% |
| Total direct salaries (above - base): | $1,111,343 |   |

**Schedule D – Schedule of Expenditure for fiscal year ended 6/30/2006**

 Expenditure

Program Title During Period

Health Resources and Services Administration:

 Program A.1 $1,603,053

 Program A.2 239,954

Department of Agriculture:

 Program B.1 327,204

 Program B.2 25,899

Kellogg Foundation:

 Program C 49,857

Total Expenditure $2,245,967

**Schedule E – Organization chart as of June 2006**



**Certification of Indirect Costs**

**(Non-profit Organization)**

 This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

1. All costs included in this proposal dated [identify date] to establish billing or final indirect (F&A) costs rates for [identify period covered by rate] are allowable in accordance with the requirements of the Federal award(s) to which they apply and with Subpart E of 45 C.F.R. Part 75.
2. This proposal does not include any costs which are unallowable under Subpart E of 45 C.F.R. Part 75 such as (without limitation): public relations costs, contributions and donations, entertainment costs, fines and penalties, lobbying costs, and defense of fraud proceedings; and
3. 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: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of Official (printed): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date of Execution: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (Signed by the official having the authority

 to negotiate indirect cost rates for the

 organization, or by a higher level official.)

**(Note: This certification is prescribed by 45 C.F.R. Part 75, Appx. IV, Section D)LOBBYING COST CERTIFICATE**

I hereby certify that the

 (name of organization)

has complied with the requirements and standards on lobbying costs in 2 CFR Part 230 (formerly OMB Circular A-122) for the following period:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (fiscal year covered by the indirect cost proposal)

Organization: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of Official (printed): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date of Execution: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (Signed by the official having the authority

 to negotiate indirect cost rates for the

 organization, or by a higher level official.)

**Note: The above certification is a requirement per 45 C.F.R. § 75.450(c)(2)(vi).**

**We will not be able to process your indirect cost proposal without this certification.**

**Statement of Treatment of Paid Absences**

(A) Treatment of paid absences: Vacation, holiday, sick leave, and other paid absences are included in salaries and wages and are claimed on grants, contracts, and other agreements as part of the normal cost for the salaries and wages. Separate claims for the costs of these paid absences are not made.

(B) Treatment of paid absences: Vacation, holiday, sick leave pay and other paid absences are included in the organization’s fringe benefit rate and are not included in the direct cost of salaries and wages. Claims for direct salaries and wages must exclude those amounts paid or accrued to employees for periods when they are on vacation, holiday, sick leave or are otherwise absent from work.

(C) None of the above treatments are applicable. Here’s how paid absences are treated:

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**I certify that the above selection is correct.**

Organization: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of Official (printed): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date of Execution: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (Signed by the official having the authority

 to negotiate indirect cost rates for the

 organization, or by a higher level official.)

1. These materials were adapted by attorneys at the law firm of Feldesman Tucker Leifer Fidell LLP from federal government on-line resources. The sample documents offer general guidance based on federal law and regulations and do not necessarily apply to all PCAs-HCCNs under all facts and circumstances. Further, these materials do not replace, and are not a substitute for, legal advice from qualified legal counsel. [↑](#footnote-ref-1)
2. Note: Using the following sample as a guide, PCAs-HCCNs should tailor the procedure to reflect their own structures and operations. [↑](#footnote-ref-2)
3. Certain advertising, public relations, fundraising, and lobbying costs are unallowable as either a direct or indirect cost. However, “[a]ll activities which benefit from the non-Federal entity’s indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, [must] receive an appropriate allocation of indirect costs.” 45 C.F.R. § 75.405(b). [↑](#footnote-ref-3)
4. The exclusion for subawards applies only when the distribution base is Modified Total Direct Costs (MTDC) as defined at 45 C.F.R. § 75.2. Other allocation bases such as direct salaries & wages (including or excluding fringes) do not require the subaward information. [↑](#footnote-ref-4)