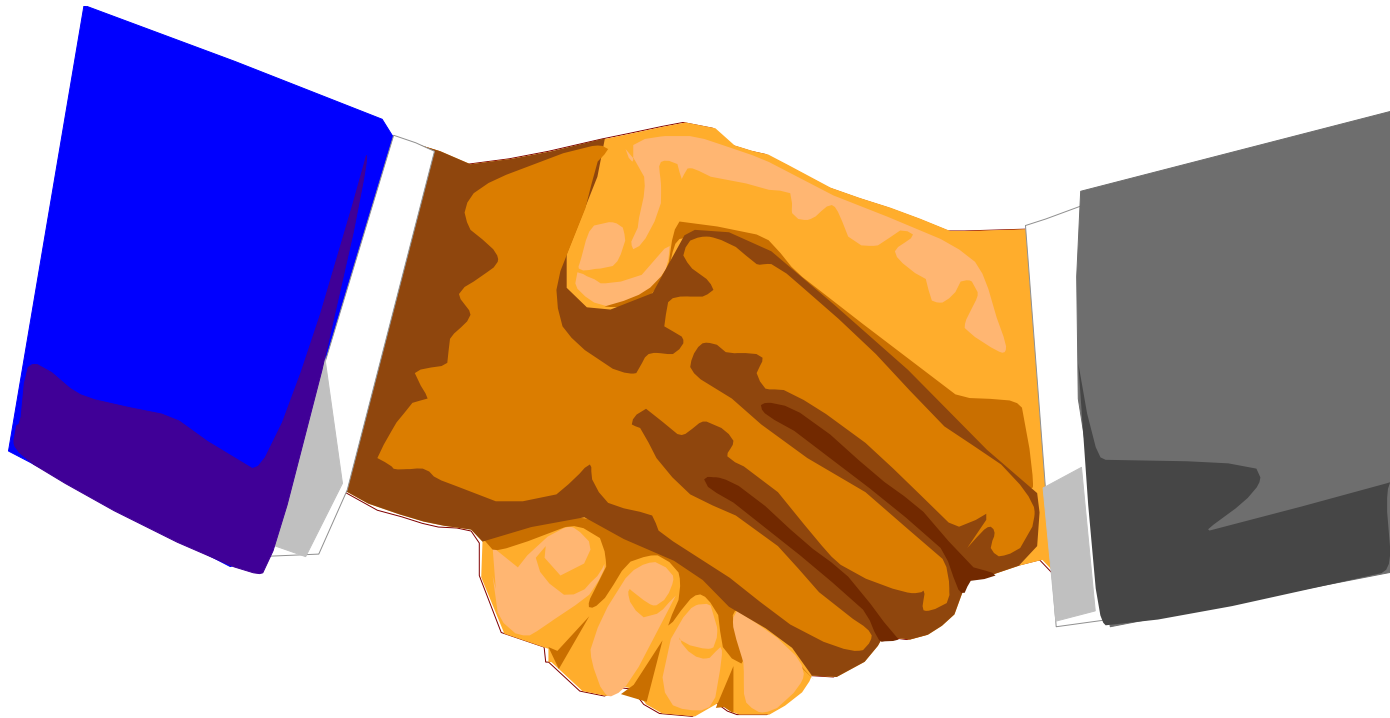


# **Attachment 2**

## **Example of an Indirect Cost Rate Agreement**



**(An Example)**  
**NON-PROFIT ORGANIZATION**  
**INDIRECT COST NEGOTIATION AGREEMENT**

**ORGANIZATION:**

**XYZ Nonprofit Housing, Inc.**  
**Florence, AL 99999-9999**

**DATE: June 30, 2001**

**FILE REF: This replaces the**  
**negotiation agreement dated**  
**May 18, 2000**

**The indirect cost rate(s) contained herein are for use on grants and contracts with the Federal Government to which OMB Circular A-122 applies subject to the limitations contained in the Circular and Section II-A, below.**

**The rate(s) were negotiated by the XYZ Nonprofit Housing, Inc. and the U. S. Department of Housing and Urban Development in accordance with the authority contained in Attachment A, Section E, of the Circular.**

<u>Type</u>	<u>Effective Period</u>		<u>Rate</u>	<u>Location</u>	<u>Applicable to</u>
	<u>From</u>	<u>To</u>			
Final	7/1/99	6/30/00	14.25%	All	All Programs
Final	7/1/00	6/30/01	15.25%	All	All Programs
Provisional	7/1/01	6/30/02	17.17%	All	All Programs
Provisional	7/1/02	6/30/03	16.43%	All	All Programs
	<i>(See Special Remarks)</i>				

## **BASE\*:**

**Total direct salaries and wages including vacation, holiday and sick pay but excluding all other fringe benefits.**

## **TREATMENT OF FRINGE BENEFITS:**

**Fringe benefits are specifically identified to each employee and are charged individually as direct costs. The directly claimed fringe benefits are listed in the Special Remarks Section of this Agreement.**

## **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 salaries and wages. Separate claims for the cost of these absences are not made.** 4

**A. LIMITATIONS:** Use of the rate(s) contained in this Agreement is subject to any statutory or administrative limitations and is applicable to a given grant or contract only to the extent that funds are available. Acceptance of the rate(s) agreed to herein is predicated upon the following conditions:

- 1) that no costs other than those incurred by the grantee/contractor or allocated to the grantee/contractor via an approved central service cost allocation plan were included in its indirect cost pool as finally accepted and that such incurred costs are legal obligations of the grantee/contractor and allowable under the governing cost principles,
- 2) that the same costs that have been treated as indirect costs have not been claimed as direct costs,
- 3) that similar types of costs have been accorded consistent treatment, and
- 4) that the information provided by the grantee/contractor which was used as a basis for acceptance of the rate(s) agreed to herein is not subsequently found to be materially inaccurate.

**The elements of indirect cost and the type of distribution base(s) used in computing provisional rates are subject to revision when final rates are negotiated. Also, the rates cited in this Agreement are subject to audit.**

**B. CHANGES:** The grantee/contractor is required to provide written notification to the indirect cost negotiator prior to implementing any changes which could affect the applicability of the approved rates. Changes in the indirect cost recovery plan, which may result from changes such as the method of accounting or organizational structure, require the prior written approval of the Department of Housing and Urban Development. Failure to obtain such approval may result in subsequent cost disallowance.

**C. NOTIFICATION TO FEDERAL AGENCIES:** A copy of this document is to be provided by this organization to other Federal funding sources as a means of notifying them of the Agreement contained herein.

**D. PROVISIONAL-FINAL RATES: The grantee/contractor must submit a proposal to establish a final rate within six months after their fiscal year end. Billings and charges to Federal awards must be adjusted if the final rate varies from the provisional rate.**

**If the final rate is greater than the provisional rate and there are no funds available to cover the additional indirect costs, the organization may not recover all indirect costs. Conversely, if the final rate is less than the provisional rate, the organization will be required to pay back the difference to the funding agency.**

**Indirect costs allocable to a particular award or other cost objective may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.**

## **E. SPECIAL REMARKS:**

- 1) Indirect costs charged to Federal grants/contracts by means other than the rate(s) cited in this Agreement should be adjusted to the applicable rate cited herein and applied to the appropriate base to identify the proper amount of indirect costs allocable to the program.**
  
- 2) Grants/contracts providing for ceilings as to the indirect cost rates(s) or amount(s) which are indicated in Section I above, will be subject to the ceilings stipulated in the contract or grant agreements. The ceiling rate or the rate(s) cited in this Agreement, whichever is lower, will be used to determine the maximum allowable indirect cost on the grant or contract agreement.**



**3) Fringe benefits other than paid absences consist of:**

**Worker's Compensation**

**FICA**

**Health Insurance**

**Pension Plan**

**Unemployment Compensation**

**4) XYZ Nonprofit Housing, Inc. staff maintain 100% time distribution records. The indirect cost pool consists of:**

**a) Salaries and fringe benefits of the following positions:**

**Executive Director**

**Dir. of Fiscal Services**

**Account Tech II**

**Admin. Secretary**

**b) Support costs of the above positions as follows:**

**Professional Services**

**Travel**

**Space**

**Supplies**

**Equipment Leases**

**Insurance & Bonding**

**Publications & Dues**

**Repairs & Maintenance**

**Communications**

**Postage**

**Miscellaneous**

# ACCEPTANCE

**BY THE ORGANIZATION:**

**BY THE COGNIZANT AGENCY  
ON BEHALF OF THE FEDERAL  
GOVERNMENT**

**XYZ Nonprofit Housing, Inc.**  
(Organization)

**U. S. Department of Housing and  
Urban Development**  
(Agency)

(Signature)

**Jane Doe**

(Name)

(Signature)

**Joseph A. Boss**

(Name)

**Executive Director**

(Title)

(Date)

**The Boss**

(Title) (Date): **June 30, 2002**

**Negotiator: Not the Boss**

Telephone No.: 202.246.8910 10