SAMPLE PROPOSAL
Native American Organization

THIS IS A SHORT, SIMPLIFIED SAMPLE OF AN INDIRECT COST PROPOSAL. IF YOU WOULD USE THIS TYPE OF FORMAT, OR SIMILAR ONE, THE NATIONAL BUSINESS CENTER COULD SPEED UP THE NEGOTIATION OF YOUR FIXED-WITH-CARRYFORWARD INDIRECT COST RATE.

Information and examples used in this proposal are all fictitious and represent no particular Native American Organization. This is an example only. If your accounting year or other information differs from the example, appropriate changes are necessary.

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[NATIVE AMERICAN ORGANIZATION]

INDIRECT COST RATE PROPOSAL

FOR THE PERIOD JANUARY 1, 2003, THROUGH DECEMBER 31, 2003

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[NATIVE AMERICAN ORGANIZATION]
INDIRECT COST RATE PROPOSAL
FOR THE PERIOD JANUARY 1, 2003, THROUGH DECEMBER 31, 2003

INTRODUCTION

The [Native American Organization] has received an indirect cost rate from the Department of the Interior since calendar year (CY) 1992. This proposal is based upon estimated budgets for all programs to be administered by the [Native American Organization] during the period January 1, 2003, through December 31, 2003. All Federal, State, and Native American programs have been included in the proposal.

We have also included audited financial statements for all programs and the indirect cost pool for CY 2001. Using the CY 2001 figures, we determined that the [Native American Organization] had an actual overrecovery of $1,311 on Federal and non-Federal programs. This actual overrecovery was included in our computation of the proposed CY 2003 fixed carryforward rate of 21.9 percent.

The individuals to contact in regard to this proposal are:

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[NATIVE AMERICAN ORGANIZATION]
INDIRECT COST RATE PROPOSAL
FOR THE PERIOD JANUARY 1, 2003, THROUGH DECEMBER 31, 2003

CERTIFICATE OF INDIRECT COSTS

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

(1) All costs included in this proposal dated [identify date] to establish billing or final indirect costs rate for the period [identify period covered by rate] are allowable in accordance with the requirements of the Federal agreement(s) to which they apply and the cost principles applicable to those agreements, including OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments."

(2) This proposal does not include any costs that are not allowable under applicable cost principles, such as (without limitation): Advertising and public relations costs, entertainment costs, fines and penalties, lobbying costs, and defense and prosecution of criminal and civil proceedings.

(3) Any costs excluded from this proposal, such as Tribal enterprises, gaming operations, and Tribal schools and programs, including all or portions of the general fund, are separately administered and do not benefit from Tribal administration included in the indirect cost pool.

(4) All costs included in this proposal are properly allocable to Federal agreements on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare under penalty of perjury that the foregoing is true and correct.

_____

Signature

_____

Print Name

_____

Title

_____

[Native American Organization]

_____

Date Signed

[NATIVE AMERICAN ORGANIZATION]
INDIRECT COST RATE PROPOSAL
FOR THE PERIOD JANUARY 1, 2003, THROUGH DECEMBER 31, 2003

ACCOUNTING SYSTEM DESCRIPTION

The [Native American Organization] has 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 measurable 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 government fund revenue. Expenditures are recorded when the related fund liability is incurred.

Principal and interest on general long-term debt are recorded as fund liabilities when due. Separate journals and ledgers are maintained for each individual program in the direct cost base. A separate journal and a general ledger are also maintained for the indirect cost pool.

NOTE: THIS REPORT OR A SIMILAR REPORT IS REQUIRED ONLY FOR [NATIVE AMERICAN ORGANIZATIONS] IN THEIR FIRST AND SECOND YEARS OF INDIRECT COST PROPOSAL NEGOTIATIONS.

ACCOUNTANT'S REPORT

We have examined management's assurances that [Native American Organization] meets the standards for grantee financial management systems and related internal controls required by Title 25, Chapter 1, of the Code of Federal Regulations, Part 276.7, and reviewed the bookkeeping and accounting systems of the [Native American Organization] and the related internal controls do determine if the existing system and controls are in compliance with the standards set forth in Title 25, Chapter 1, of the Code of Federal Regulations, Part 276.7., by providing for the following:

1. Accurate, current, and complete disclosure of the financial results of each contract and/or grant program in accordance with Federal reporting requirements.

2. Records that identify adequately the source and application of funds for each contract and/or grant program.

3. Effective control over, and accountability for, all contract and/or grant or subgrant funds and real and personal property acquired with grant or subgrant funds.

4. Comparison of actual costs with budgeted amounts for each contract and/or grant or subgrant.

5. Procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the grantee.

6. Procedures for determining the allowability and allocability of costs with the applicable cost principles.

7. Accounting records that are supported by source documentation.

8. A systematic method to assure timely and appropriate resolution of audit findings and recommendations.

We understand that procedures in conformity with the above criteria are considered by most granting agencies to be adequate for their purpose, and that procedures not in conformity with those criteria indicate some inadequacy for such purposes. In our opinion based on this understanding and our review and testing of the management systems for record keeping, personnel, procurement, financial management and property management, the [Native American Organization] financial management systems are adequate to meet the criteria established in Title 25, Chapter 1, of the Code of Federal Regulations, Part 276.7.

This report is intended for the information of the [Native American Organization] and federal and state granting agencies designated by the Tribal Council; it should not be used for any other purpose.

CPA's Signature and Date

[NATIVE AMERICAN ORGANIZATION]
INDIRECT COST RATE PROPOSAL
FOR THE PERIOD JANUARY 1, 2003, THROUGH DECEMBER 31, 2003

POLICY STATEMENT ON DIRECT VERSUS INDIRECT COSTS

Direct costs consist of those costs that can be readily identified as a direct contract, grant, or program cost and addressed as benefiting a particular cost objective.

The following indirect costs incurred for the operation of the administration of the [Native American Organization] have been classified as indirect costs in accordance with the standards for indirect costs as described in Circular A-87 issued by the Office of Management and Budget. For reasons itemized below, these costs have been determined to comply with the above stated criteria and are therefore to be consistently charged as indirect costs within the funding formulas determined by the cognizant agencies. All items listed below have been determined to benefit more than one cost objective and are not readily allocable to benefiting contracts, grants, and programs.

1. Salaries paid to the administrative staff of the [Native American Organization].

2. Fringe benefits, including payroll taxes and medical insurance for the administrative staff.

3. Travel, including meals, lodging, and transportation costs for indirect personnel conducting Tribal business that is of an indirect nature (i.e., the benefit is not directly related to one program, but instead benefits many programs). Per diem follows the guidelines established for the Federal Government by the General Services Administration.

4. Insurance costs for the general umbrella policy and the fidelity bond of the Organization.

5. Office supplies, including office supplies used that cannot be specifically identified with a particular contract, grant, or program.

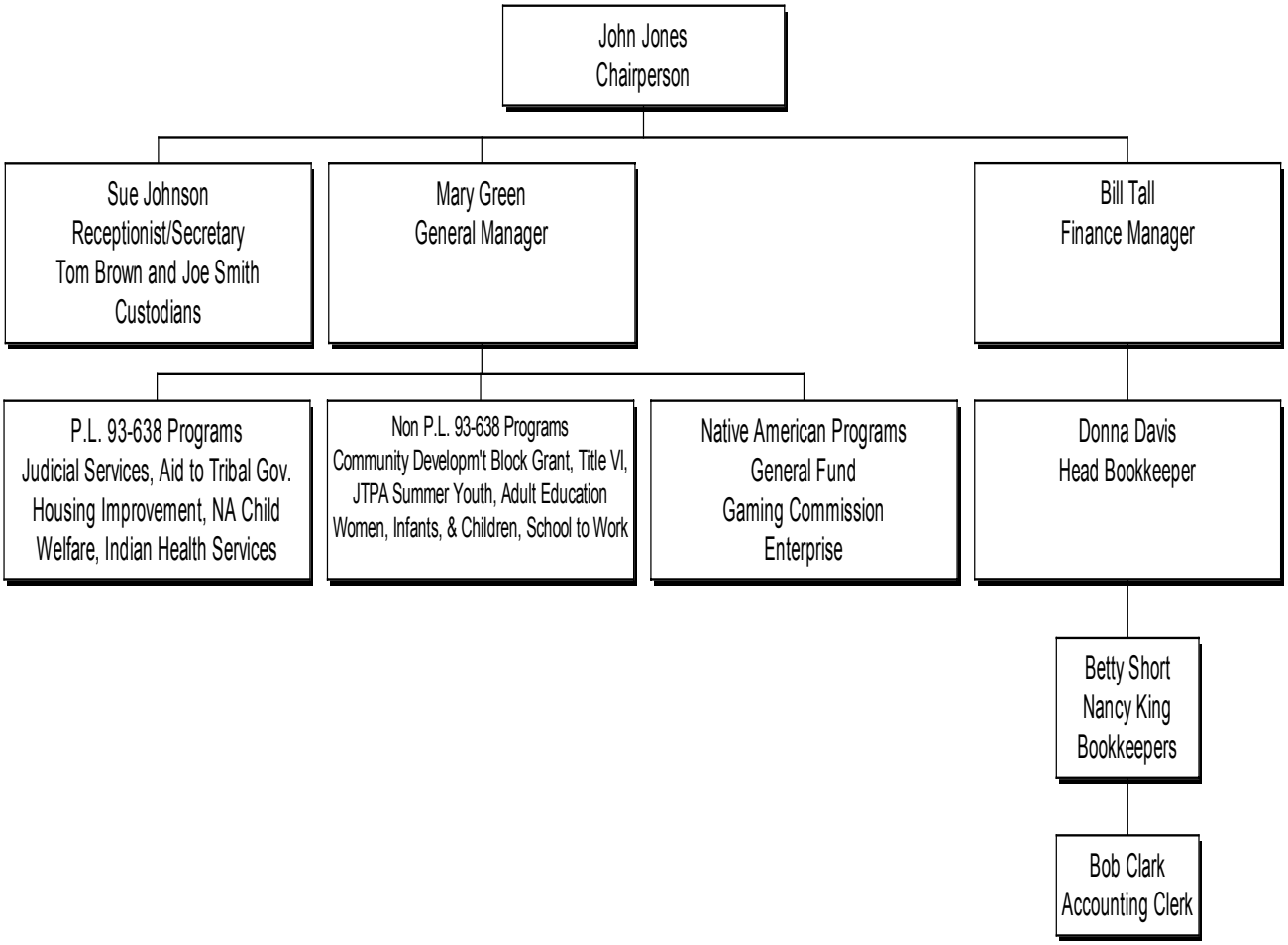
6. Telephone and utilities.

7. Consultants, including attorney fees, audit fees, and preparation of the indirect cost proposal.

8. Repairs and maintenance of the Organization facilities that are utilized by contracts, grants, and programs.

Other indirect costs may be included in the administration of the indirect cost pool. Costs included in the indirect cost pool may not be limited to the above list; however, they are the only such costs foreseen at this time. Each cost is examined for compliance with prescribed criteria before being classified as an indirect cost.

[NATIVE AMERICAN ORGANIZATION]
ORGANIZATIONAL CHART
CY 2003



[NATIVE AMERICAN ORGANIZATION]
CY 2003 RATE COMPUTATION

	CY 2001 (Negotiated Costs Per CY 2001 Rate Agreement)	CY 2003 (CY 2003 Budgeted or Prior Year Actual Costs)
Fixed Carryforward Rate Computation	16.1%	21.9%
A. Indirect Cost Pool:		
Indirect Costs	$296,000	$381,360
CY 1999 Overrecovery Carryforward to CY 2001	-2,000	
CY 2001 Overrecovery Carryforward to CY 2003 (page 10)		-1,311
Indirect Cost Pool	$294,000	$380,049
B. Direct Cost Base:	$1,826,087	$1,738,000

C. CY 2001 Actual Costs Incurred:
(CY 2001 Actual Costs Reconcilable to CY 2001 Audited Financial Statements)

Actual Direct Cost Base	$1,574,317
Actual Indirect Costs	$290,270
CY 1999 Overrecovery Carryforward to CY 2001 (above)	-2,000
Actual Indirect Cost Pool	$288,270
Actual Indirect Cost Rate (For Comparison With Negotiated Rate)	18.3%

CY 2001 CARRYFORWARD COMPUTATION

(Not needed for 1st and 2nd year proposals)

	1	2	3	4	5	6	7
Programs	CY 2001 Actual Direct Costs	% of Total	CY 2001 Indirect Cost Pool	Indirect Rate @ 16.1%	Indirect Costs Recovered	Shortfall	Carryforward
BIA (638)	$1,100,000	69.9%	$201,501	$177,100	$210,110	$0	-$8,609
IHS (638)	260,000	16.5%	47,565	41,860	39,760	2,100	5,705
HHS (Non-638)	30,000	1.9%	5,477	4,830	4,830	0	647
Labor	115,000	7.3%	21,044	18,515	18,515	0	2,529
State	44,000	2.8%	8,072	7,084	9,655	0	-1,583
Tribal	25,317	1.6%	4,611	4,076	2/		
Total	$1,574,317	100.0%	$288,270	$253,465	$282,870	$2,100	-$1,311
			1/			3/	
	Check Figures		288,270				

1/ This column is based on the percentage of direct costs incurred for each program. Since only the total actual indirect costs were reported, a portion of the total was allocated to each program based on the percentage of direct costs incurred for each program. (CY 2001 Pool = CY 2001 actual indirect costs +/- CY 1999 carryforward)

2/ Over or underrecovery from Tribal accounts is internal and therefore not included in the carryforward computation.

3/ Program shortfalls are reported to the respective granting agencies.

Note: The amounts shown as Indirect Costs Recovered are based on the Organization's audited financial statements.

[NATIVE AMERICAN ORGANIZATION]
CY 2001 ACTUAL DIRECT COST BASE AND INDIRECT COSTS RECOVERED

Public Law Reference	Programs by Funding Agency	Total CY 2001 Expenditures Per Financial Statements	Exclusions: Capital Equipment	Exclusions: Subcontracts	Exclusions: Passthrough Funds 1/	Exclusions: Unallowable Costs 2/	Exclusions: Directly Funded Indirects 3/	Exclusions: Indirect Costs	CY 2001 Direct Cost Base	Indirect Costs Recovered Per Audit
	FEDERAL PROGRAMS									
	Department of the Interior:									
	Bureau of Indian Affairs-									
93-638	Judicial Services	$530,000							$530,000	$108,830
93-638	Housing Improvement	550,000		$60,000					490,000	88,400
93-638	Aid to Tribal Government	109,325					$29,325		80,000	12,880
	Subtotal	1,189,325		60,000			29,325		1,100,000	210,110
	Department of Health and Human Services:									
	Indian Health Service-									
93-638	CHS	200,000							200,000	30,100
93-638	Alcohol and Drug	60,000							60,000	9,660
	Subtotal IHS	260,000							260,000	39,760
	Non-Indian Health Service-									
Non 93-638	Adult Education	25,000	$5,000						20,000	4,000
Non 93-638	Tourism	10,000							10,000	830
	Subtotal Non-IHS	35,000	5,000						30,000	4,830
	Department of Labor:									
Non 93-638	JTPA Summer Youth	325,000			$235,000				90,000	18,515
Non 93-638	School To Work	40,000	15,000						25,000	
	Subtotal	365,000	15,000		235,000				115,000	18,515
	Subtotal Federal Programs	1,849,325	20,000	60,000	235,000		29,325		1,505,000	273,215

Public Law Reference	Programs by Funding Agency	Total CY 2001 Expenditures Per Financial Statements	Exclusions: Capital Equipment	Subcontracts	Passthrough Funds 1/	Unallowable Costs 2/	Directly Funded Indirects 3/	Indirect Costs	CY 2001 Direct Cost Base	Indirect Costs Recovered Per Audit
	STATE AND OTHER PROGRAMS:									
Non 93-638	WIC	24,000							24,000	5,655
Non 93-638	Tobacco Prevention	20,000							20,000	4,000
	Subtotal State and Other Programs	44,000							44,000	9,655
	TRIBAL PROGRAMS									
Tribal	General Fund	308,587						$290,270	18,317	0
Tribal	Enterprise Fund-Recreation	7,000							7,000	0
	Subtotal Tribal Programs	315,587						290,270	25,317	0
	Total Expenditures	$2,208,912 *	$20,000	$60,000	$235,000	$0	$29,325	$290,270	$1,574,317	$282,870

The excluded amounts go straight to the reconciliation schedule on page 16.

Footnotes: 1/ Passthrough funds include scholarships, stipends, direct assistance payments, payments to participants, etc.
2/ Unallowable costs include donation, interest and debt service, penalty, lobbying costs, etc.
3/ Directly funded indirect costs are indirect in nature but directly funded by the program.

*** Total expenditures must tie to audited financial statements.**

[NATIVE AMERICAN ORGANIZATION]
CY 2003 PROPOSED DIRECT COST BASE

Public Law Reference	Programs by Funding Agency	Total CY 2003 Expenditures	Exclusions: Capital Equipment	Exclusions: Subcontracts	Exclusions: Passthrough Funds 1/	Exclusions: Unallowable Costs 2/	Exclusions: Directly Funded Indirects 3/	Exclusions: Other Exclusions (Please Specify)	CY 2003 Direct Cost Base
	FEDERAL PROGRAMS								
	Department of the Interior:								
	Bureau of Indian Affairs-								
93-638	Judicial Services	$610,000	$50,000						$560,000
93-638	Housing Improvement	575,000		$75,000					500,000
93-638	Native American Child Welfare	35,000							35,000
93-638	Aid to Tribal Government	90,700					$20,700		70,000
	Subtotal	1,310,700	50,000	75,000			20,700		1,165,000
	Department of Health and Human Services:								
	Indian Health Service-								
93-638	CHS	250,000							250,000
93-638	Community Health Development	70,000							70,000
	Subtotal IHS	320,000							320,000
	Non-Indian Health Service-								
Non 93-638	CDBG	30,000							30,000
Non 93-638	Adult Education	20,000							20,000
	Subtotal Non-IHS	50,000							50,000
	Department of Labor:								
Non 93-638	JTPA Summer Youth	400,000			$300,000				100,000
Non 93-638	School To Work	20,000							20,000
	Subtotal	420,000			300,000				120,000
	Subtotal Federal Programs	2,100,700	50,000	75,000	300,000		20,700		1,655,000

Public Law Reference	Programs by Funding Agency	Total CY 2003 Expenditures	Exclusions: Capital Equipment	Subcontracts	Passthrough Funds 1/	Unallowable Costs 2/	Directly Funded Indirects 3/	Other Exclusions (Please Specify)	CY 2003 Direct Cost Base
	STATE AND OTHER PROGRAMS								
Non 93-638	WIC	35,000							35,000
Non 93-638	Title VI	20,000							20,000
	Subtotal State and Other Programs	55,000							55,000
	TRIBAL PROGRAMS								
Tribal	General Fund	20,000							20,000
Tribal	Gaming Commission	4,000							4,000
Tribal	Enterprise Fund-Recreation	9,000	5,000						4,000
	Subtotal Tribal Programs	33,000	5,000						28,000
	Total Expenditures	$2,188,700	$55,000	$75,000	$300,000	$0	$20,700	$0	$1,738,000

Footnotes: 1/ Passthrough funds include scholarships, stipends, direct assistance payments, payments to participants, etc.
2/ Unallowable costs include donation, interest and debt service, penalty, lobbying costs, etc.
3/ Directly funded indirect costs are indirect in nature but directly funded by the program.

[NATIVE AMERICAN ORGANIZATION]
INDIRECT COST POOL

Title/Description	CY 2003 Proposed Indirect Costs	CY 2001 Actual Indirect Costs	Remarks
Salaries:			
Tribal Chairperson (50%)	$27,500	$26,175	Other 50% is excluded (general government)
Finance Manager	46,000	44,000	No substantial increase
Head Bookkeeper	33,000	31,500	No substantial increase
Bookkeeper (2)	45,000	43,000	No substantial increase
Accounting Clerk	22,000	21,750	No substantial increase
Receptionist/Secretary	18,000	0	Position was funded by ATTG in CY 2001
Custodian (2)	42,000	20,000	One Janitor was added in CY 2003
Subtotal Salaries 1/	233,500	186,425	
Fringe Benefits on the Above Salaries 1/	60,710	48,470	Increase due to increase in salaries
Audit	6,600	6,500	No substantial increase
Office Supplies	3,150	3,000	No substantial increase
Repairs and Maintenance	2,000	1,900	No substantial increase
Telephone	2,900	2,800	No substantial increase
Utilities	7,000	6,700	No substantial increase
Travel	2,700	2,500	No substantial increase
Insurance	31,800	1,675	No substantial increase
Council Costs (50%)	31,000	30,300	Other 50% is excluded (general government)
Total Indirect Costs	$381,360	$290,270	

1/ 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.

[NATIVE AMERICAN ORGANIZATION]
RECONCILIATION OF AUDITED FINANCIAL STATEMENTS COSTS
TO INDIRECT COST PROPOSAL
FOR THE PERIOD ENDED DECEMBER 31, 2001

Costs Per Audited Financial Statements			
Costs Per:	General Fund		$308,587
	Special Revenue Fund		1,893,325
	Enterprise Fund		7,000
	Total Costs to be Accounted For		$2,208,912
Costs Per Indirect Cost Proposal (Actual)			
	Direct Cost Base		$1,574,317
	Indirect Cost Pool		290,270
			1,864,587
Add Costs Eliminated from the Proposal:			
	Capital Equipment	$20,000	
	Subcontracts	60,000	
	Passthrough Funds	235,000	
	Unallowable Costs	0	
	Directly Funded Indirects	29,325	
	Other Exclusions	0	
Total Elimination			344,325
Total Costs Accounted For			$2,208,912
Difference (please explain)			0

Note: A reconciliation of actual costs (carryforward year), as stated in the proposal, with total costs in the audited financial statements should be completed as part of the proposal.

[NATIVE AMERICAN ORGANIZATION]
INDIRECT COST RATE PROPOSAL
FOR THE PERIOD JANUARY 1, 2003, THROUGH DECEMBER 31, 2003

INDIRECT COST PERSONNEL JUSTIFICATIONS

In determining the allowable share of the [Native American Organization]'s government costs identified with administering programs, the Finance Manager reviewed 6 months of current time, attendance records, and minutes of the Tribal council. This review shows that 50 percent of the Organization's effort is spent on administering programs. Conversely, 50 percent of the Organization's effort is spent on political and other governmental responsibilities.

The following account of each position should provide the necessary justification to fund administrative costs through the indirect cost pool for calendar year 2003.

CHAIRPERSON: The Chairperson is the Chief Executive Officer of the [Native American Organization]. Although duties vary, the Chairperson is responsible for representing the Organization in negotiations of grants/contracts, coordinating the direction of the Organization, and, in general, meeting constituent needs. Therefore, 50 percent of the Chairperson's time is applicable and chargeable to indirect costs.

FINANCE MANAGER: This position handles the business activities of the [Native American Organization]. The goals and objectives of the Organization are to develop local business resources and provide more unrestricted revenue sources to the Tribal Treasury. This position will coordinate this activity. Since the Finance Manager is responsible for the business department and involved in program business activities, the Finance Manager's time is chargeable to indirect costs.

HEAD BOOKKEEPER: The Head Bookkeeper plans, organizes, directs and coordinates the office's administrative support functions of the [Native American Organization]. Specifically, the Head Bookkeeper provides general management and administration for the Organization's billing and collection system, personnel, accounting, customer service, records maintenance, and related office support services. In addition the Head Bookkeeper assists in budget preparation and monitors and controls administrative costs.

BOOKKEEPERS: These positions are responsible for maintaining the books of entry for all programs and ensuring that the financial system is kept current. Specifically, the Bookkeepers perform accounting work of a technical nature and assist in the financial operation of the Organization. Major duties include maintenance of accounts payable, receivable, cash disbursements, and the general ledger and reconciliation of bank statements and monthly financial reports, as necessary, for the Finance Manager.

ACCOUNTING CLERK: This position is part of the centralized accounting department of the Organization. The Accounting Clerk is responsible for distributing payroll for all programs and ensuring that the proper reports and records are kept current. This position also assists with accounts payable.

RECEPTIONIST/SECRETARY: This position is part of the administrative department and provides secretarial services, maintains contact with all levels of management, and establishes cooperative working relationships. This position involves high-volume contact with all program staff and governmental agencies, including Tribal, Federal, State, and Local entities. All of the Receptionist/Secretary's time is applicable and chargeable to indirect cost.

CUSTODIANS: The cleaning services and maintenance provided by these positions serve all programs equally. Therefore, the costs associated with these positions are determined to be indirect.