**RED ROCK CENTER FOR INDEPENDENCE**

**INDIRECT COST PROPOSAL**

**A. INTRODUCTION**

Red Rock Center for Independence (RRCI) is a nonprofit organization serving people with disabilities in nine southwestern Utah counties. Our central office is located in St. George, Utah with satellite offices in Cedar City, Beaver, Hurricane, Filmore and Richfield. All of RRCI’s programs fall under the umbrella of Independent Living. RRCI’s fiscal year ends June 30 each year coordinating with a Utah fiscal year. Previously, RRCI’s fiscal year ended September 30 however it changed in 2019 resulting in a short year end from October 1, 2018 to June 30, 2019.

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**B. COST ALLOCATION METHODOLOGY**

This proposal is for an indirect cost rate based on RRCI’s actual cost for its fiscal year beginning October 1, 2017 and ending September 30, 2018. The proposal is based on RRCI’s audit report’s Statement of Functional Expenses for the year ending September 30, 2018.

This proposal addresses all elements of cost incurred by Red Rock Center for Independence and identifies shared costs that require allocation.

RRCI treats all costs as direct costs except general administration and general 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.

**C. DIRECT COSTS**

Direct costs are cost that can be identified specifically with a project and therefore are shared to that project. The accounting system records these costs as they are incurred within the series of accounts assigned for that purpose and further distribution is not required.

**D. INDIRECT COSTS**

Indirect costs are costs incurred for common or joint objectives and therefore cannot be readily and specifically identified with a particular project or activity. These costs are grouped into common pool(s) and distributed to benefiting activities by a cost allocation process.

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

The nonprofit has created an Administrative Services Pool consisting of salaries, fringe benefits, and non-salary costs. The Administrative Services Pool is charged with all the indirect costs as defined above. The pool is distributed to the various program activities on the basis of modified direct total.

The total direct salaries and wages on which this proposal is based is $385,870.

**F. SUPPORTING FINANCIAL STATEMENTS**

The Schedule of Total Expenditures (Schedule C) contained in this proposal is assumed to agree to RRCIs audit report Statement of Functional Expenses.

* Audit report, Statement of Functional Expenses: $863,520
* Indirect Cost Proposal: $832,249\*

\*excludes depreciation

**G. SALARIES**

Listed below are the positions, functions, and budgeted annual salaries for the people who comprise the Administrative Services Pool. These positions are charged a percentage to Administrative Services. The balance of the percentages is charged to direct services as a time analysis indicates that a portion of administrative staff time is spent providing services which can be assigned to a specific program.

Position Function Salary % Admin. Services

Executive Director General Management 75%

Office Manager General Management 75%\*

IT Specialist General Management 100%

Receptionist Clerical 50%

* Differs from audited financial statement due to knowledge of future activities

**H. FRINGE BENEFITS**

Fringe Benefits associated with the positions within the Administrative Services Pool are as follows:

 Payroll Taxes:

 FICA $ 8,636

 (actual paid then prorated)

 State Unemployment $ 743

(actual paid then prorated)

 Federal Unemployment $ 125

 (actual paid then prorated)

 Health Insurance $16,052

 (actual paid then prorated)

 Retirement Plan $ 5,684

 (actual paid then prorated)

 Worker’s Compensation $ 596

 (pro-rated same ratio as wages)

 Other Benefits

 (pro-rated same ratio as wages) $ 3,234

 Total $35,070

**I. NON-SALARY COSTS**

Each category on non-salary expenditures has been analyzed based on the facts, and Schedule B shows the allocation between the Direct and Administrative Services Pool. Total non-salary costs excluding indirect cost reimbursements are $207,220 of which direct is $165,045 and indirect is $42,175.

**J. COMPUTATION OF BASE AND POOL COSTS**

Schedule Ashows the computation of the indirect cost rate for the year ending September 30, 2018. A summary of the rate calculation follows:

 Direct Costs (MTDC):

 Independent Living Salaries $ 377,459

 Independent Living Fringe $ 99,211

 Independent Living Non-salary $ 165,045

 Total Direct Costs: $ 641,715

 Indirect Costs (Pool)

 Administrative Services Salaries $ 113,289

 Administrative Fringe Benefits $ 35,070

 Administrative Services Non-salary $ 42,175

 Total Admin Services $ 190,534

**K. RATE**

Adjusted indirect cost (above- pool): $ 190,534

 ---------------------- 30 %

Total direct costs (above-base): $ 641,715

**L. FUNDING OF RATE**

When the above rate is applied to the Modified Total Direct Costs (MTDC) paid from the State of Utah (Independent Living), TANF, and funds from the U. S. Department of Health and Human Services-ACL-(Independent Living), the eligible reimbursement is $192,515 ($641,715 x .30).

**SCHEDULE A**

Functional Groupings

Direct Costs (MTDC):

 Independent Living Salaries $377,459

 Independent Living Fringe $99,211

 Independent Living Non-salary $165,045

 Total Direct Costs: $641,715

 Indirect Costs (Pool)

 Administrative Services Salaries $113,289

 Administrative Fringe Benefits $ 35,070

 Administrative Services Non-salary $ 42,175

 Total Admin Services $ 190,534

**RATE**

Adjusted indirect cost (above- pool): $ 190,534

 ---------------------- 30 %

Total direct costs (above-base): $ 641,715

**SCHEDULE B**

|  |  |
| --- | --- |
| **Elements of Cost** | **Methodology of Allocation** |
|  |  |
| Contractual Services | Custodial is split based on square footage. Other services based on actual usage. Reasonable accommodation is split based on actual usage  |
| Depreciation/Use Allowance | Excluded from calculation – fixed assets purchased with State Grant money |
| Equipment rental and maintenance | Direct cost |
| Equipment / Capital | Actual usage |
| Equipment / Minor | Actual usage |
| Insurance | Vehicle insurance is direct, Liability insurance is indirect |
| Occupancy | Rent and utilities main office on basis of square footage administrative services including common areas indirect, all other direct – field offices all direct cost |
| Office supplies | Program supplies are direct, general supplies are indirect |
| Other expenses | Actual usage |
| Postage | Program mailing is direct, general mailing is indirect, fundraising mailing is excluded. |
| Professional fees | Audit, bookkeeping, HR services charged as indirect.  |
| Program supplies | Direct cost |
| Printing | Specific program printing is allocated based on coding on invoice |
| Subscriptions | Allocated based on purpose |
| Telephone | Split based on user using number of headsets. |
| Training | Based on type of training and attendee. |
| Travel | Allocated based on person and type of travel. Costs include mileage, transportation, per diem and gas. Vehicle expenses such as oil, repairs and registration of vehicles are allocated based on usage of vehicle. |

**SCHEDULE C**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **DIRECT PROGRAMS and ACTIVITIES** |  |   |
| **A** | **B** | **C** | **D** | **E** | **F** | **I** |
| **ELEMENTS OF COSTS** | **FINANCIAL STATEMENT** | **ADJUSTMENTS** | **INDEPENDENT LIVING** | **MEMBERSHIP & FUND RAISING** | **(D)+(E) TOTAL DIRECT COSTS** | **INDIRECT COSTS** |
| Salaries and wages |  $ 490,748  |   | $377,459  |   | $377,459  |  $ 113,289  |
| Fringe benefits |  $ 134,281  |   | $99,211  |   | $99,211  |  $ 35,070  |
|   |   |
| Subtotal labor |  $ 625,029  |   | $476,670  | $0  | $476,670  |  $ 148,359  |
| Contractual Services |   |   |   |   |   |   |
|
| Depreciation/Use allowance | $0  |   | $0  |   | $0  | $0  |
| Dues & Fees | $10,020  |   | $10,020  |   | $10,020  | $0  |
| Emergency asst. payments |   |   |   |   | $0  | $0  |
| Equipment rental and maint. | $2,215  |   | $2,215  |   | $2,215  | $0  |
| Equipment / Capital |   |   |   |   | $0  | $0  |
| Equipment / Minor | $7,941  |   | $7,147  |   | $7,147  | $794  |
| Food costs |   |   |   |   | $0  | $0  |
| Insurance | $14,163  |   | $12,322  |   | $12,322  | $1,841  |
| Occupancy | $68,394  |   | $61,556  |   | $61,556  | $6,838  |
| Office supplies | $9,078  |   | $8,170  |   | $8,170  | $908  |
| Other expenses | $1,661  |   | $1,661  |   | $1,661  | $0  |
| Postage | $1,544  |   | $1,136  |   | $1,136  | $408  |
| Professional fees | $23,294  |   | $0  | $0  | $0  | $23,294  |
| Program supplies |   |   |   |   | $0  | $0  |
| Printing | $5,636  |   | $5,354  |   | $5,354  | $282  |
| Public Awareness |   |   | $0  |   | $0  | $0  |
| Renovations and improv. |   |   |   |   | $0  | $0  |
| Telephone | $17,510  |   | $15,759  |   | $15,759  | $1,751  |
| Training | $8,278  |   | $7,036  |   | $7,036  | $1,242  |
| Travel | $37,486  |   | $32,669  |   | $32,669  | $4,817  |
| Subtotal non-labor | $207,220  |   | $165,045  |   | $165,045  | $42,175  |
| **TOTAL** |  $ 832,249  |   |  $ 641,715  |   |  $ 641,715  |  $ 190,534  |
|  |  |  |  |  |  |  |
| **Calculation of the Rate** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| (3) If the nonprofit organization uses Modified Total Direct Costs (MTDC) as their Base their rate would calculate as follows:  |
|  |  |  |  |  |  |  |
| Indirect costs = $190,534 | 30% |  |  |  |  |  |
| Base (MTDC) = $641,715 |  |  |  |  |
|  |  |  |  |  |  |  |
| **Explanation of Adjustments** | Indirect Costs for Salaries and Fringe have been adjusted to differ from the audited financial statement to reflect changes to Office Manager duties. Depreciation has been excluded (see schedule B) |
|  |  |  |  |  |  |  |
| a. Excludes capital equipment purchases. |
| b. Excludes capital renovations and improvements. |

1. The Indirect Cost Proposal is supported by

 Audited Financial Statement

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 Federal Form 990

 RRCI Benefits Policy

1. A reconciliation of Item 1 to the Indirect Cost proposal has been made and is included in this proposal
2. Unallowable expenses have been eliminated from the indirect cost pool.
3. The direct cost base is complete
4. A functional analysis of salaries are wages are included in the indirect cost pool if any function is less than 100%.
5. Treatment of PTO and fringe benefits are allocated as per RRCI policy.
6. We have not changed the equipment capitalization threshold during the proposal fiscal year. The capitalization level is $5000.
7. The required “Lobbying Cost Certificate” is attached.

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

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

Organization: Red Rock Center for Independence