



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Support Center
Financial Management Service
Cost Allocation Services

CAS Western Field Office
90 7th Street, Suite 4-600
San Francisco, CA 94103
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E-MAIL: CAS-SF@psc.hhs.gov

August 4, 2014

Gary C. Streicher
Director of Finance
Institute for Systems Biology
401 Terry Avenue North
Seattle, WA 98109-5234

Dear Mr. Streicher:

A copy of an indirect cost/fringe benefits Negotiation Agreement is attached. This Agreement reflects an understanding reached between your organization and a member of my staff concerning the rate(s) that may be used to support your claim for indirect costs on grants and contracts with the Federal Government. Please have the Agreement signed by a duly authorized representative of your organization and return it to me BY EMAIL OR FAX, retaining the copy for your files. We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

In order to implement the FINAL indirect cost rate contained in the enclosed Agreement, an adjustment to the indirect costs claimed under your Federal awards may be required. For HHS project grants these adjustments must be made in accordance with the procedures for settlement of indirect costs on HHS project grants with final negotiated rates described in the appropriate "Guide" book for your institution. Adjustments under HHS contracts must be made in accordance with the provisions of the contracts. Adjustments under awards with other Federal agencies must be made in accordance with the policies of those agencies.

An indirect cost and fringe benefit rate proposal together with required supporting information must be submitted to this office for each fiscal year in which your organization claims indirect costs under grants and contracts awarded by the Federal Government. Thus, proposals for your fiscal year ending 12/31/13, will be due no later than 09/30/14.

Sincerely,

Arif Karim, Director
Cost Allocation Services

Enclosures

PLEASE SIGN AND RETURN THE NEGOTIATION AGREEMENT BY EMAIL OR FAX

NONPROFIT RATE AGREEMENT

EIN:	DATE:08/04/2014
ORGANIZATION:	FILING REF.: The preceding
Institute for Systems Biology, The	agreement was dated
401 Terry Avenue North	07/31/2013
Seattle, WA 98109-5234	

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: INDIRECT COST RATES

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

EFFECTIVE PERIOD

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
FINAL	01/01/2012	12/31/2012	84.00	All	Research
FINAL	01/01/2012	12/31/2012	40.00	All	Other Sponsored Activities
PROV.	01/01/2013	12/31/2014	83.00	All	Research
PROV.	01/01/2013	12/31/2014	40.00	All	Other Sponsored Activities

*BASE

Total direct costs excluding capital expenditures (buildings, individual items of equipment, alterations and renovations), fellowships, and subawards.

Effective January 1, 2013, total direct costs excluding capital expenditures (buildings, individual items of equipment, alterations and renovations), fellowships, and that portion of each subaward in excess of \$25,000.

ORGANIZATION: Institute for Systems Biology, The
AGREEMENT DATE: 8/4/2014

SECTION I: FRINGE BENEFIT RATES**

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE(%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
FIXED	1/1/2014	12/31/2014	38.70	All	Salary Employees
FIXED	1/1/2014	12/31/2014	6.90	All	Hourly Employees
PROV.	1/1/2015	12/31/2015	41.70	All	Salary Employees
PROV.	1/1/2015	12/31/2015	6.90	All	Hourly Employees

** DESCRIPTION OF FRINGE BENEFITS RATE BASE:
Salaries and wages excluding vacation.

ORGANIZATION: Institute for Systems Biology, The
AGREEMENT DATE: 8/4/2014

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

The fringe benefits are charged using the rate(s) listed in the Fringe Benefits Section of this Agreement. The fringe benefits included in the rate(s) are listed below.

TREATMENT OF PAID ABSENCES

The costs of vacation 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.

DEFINITION OF EQUIPMENT

Equipment is defined as tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

The following fringe benefits are included in the fringe benefit rate(s): FICA, SUI, WASHINGTON STATE LABOR & INDUSTRIES (WORKERS COMPENSATION AND DISABILITY INSURANCE), VACATION ACCRUAL, EMPLOYER 403(b) RETIREMENT PLAN CONTRIBUTIONS, HEALTH, DENTAL, VISION AND LIFE INSURANCE, EMPLOYEE ASSISTANCE PROGRAM, AND COMMUTING.

SPECIAL REMARKS:

The NIH policy on indirect costs pertaining to Genomic Arrays (NOT-OD-10-097) is effective as of 05/13/10.

NEXT PROPOSAL DUE DATE

A proposal based on actual costs for fiscal year ending 12/31/13, will be due no later than 09/30/14.

ORGANIZATION: Institute for Systems Biology, The
AGREEMENT DATE: 8/4/2014

SECTION III: GENERAL

A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as indirect costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain approval may result in cost disallowances.

C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-122, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

E. OTHER:

If any Federal contract, grant or other agreement is reimbursing indirect costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of indirect costs allocable to these programs.

BY THE INSTITUTION:

Institute for Systems Biology, The

(INSTITUTION)



(SIGNATURE)

GARY C. STREICHER

(NAME)

DIRECTOR OF FINANCE

(TITLE)

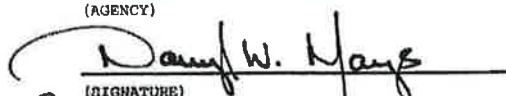
2014.08.06

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)



(SIGNATURE)

Arif Karim

(NAME)

Director, Cost Allocation Services

(TITLE)

8/4/2014

(DATE) 2983

HHS REPRESENTATIVE: Janet Turner

Telephone: (415) 437-7820