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San Francisco, CA 94103-6705  
PHONE: (415) 437-7820  
FAX: (415) 437-7823  
EMAIL: [CAS-SF@psc.hhs.gov](mailto:CAS-SF@psc.hhs.gov)

October 20, 2017

Gary C. Streicher  
Director of Finance  
Institute for Systems Biology  
401 Terry Avenue North  
Seattle, WA 98109-5263

Dear Mr. Streicher:

A copy of the indirect rate cost rate agreement is being sent to you for signature. 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 and fringe benefit costs on grants and contracts with the Federal Government.

In addition, both parties agree to the following over/under recoveries:

Over-recovery of \$2,360 applicable to Hourly Employees

This amount is included in your fixed Hourly fringe benefit rate for the fiscal year ending 12/31/16 which is listed in the attached rate agreement. During our review of the proposal, we were informed that the Institute will waive the carry-forward amount of under-recovery for Salary totaling \$145,559. This represents the amount of the under-recovery in the fiscal year ending June 30, 2014 for the Salary fringe benefit rate. By waiving the carry-forward amount, the Institute for Systems Biology gives up the right to include this amount in any future fringe benefit rate proposal.

Please have the agreement signed by an authorized representative of your organization and return within ten business days of receipt. The signed agreement should be sent to me by email, while retaining the copy for your files. Only when the signed agreement is returned, will we then reproduce and distribute the agreement to the appropriate awarding organizations of the Federal Government for their use.

An indirect cost and fringe benefit proposal, together with the required supporting information, must be submitted to this office for each fiscal year in which your organization claims fringe benefit costs under grants and contracts awarded by the Federal Government. We have received your next indirect cost and fringe benefit proposal and will complete our review as soon as possible. Please submit your next proposal electronically via email to [CAS-SF@psc.hhs.gov](mailto:CAS-SF@psc.hhs.gov).

Sincerely,  
Arif M.  
Karim -A

Digitally signed by Arif M. Karim -A  
DN: c=US, o=U.S. Government, ou=HHS,  
ou=PSC, ou=People, cn=Arif M. Karim -A,  
0.9.2342.19200300.100.1.1=2000212895  
Date: 2017.10.20 13:14:12 -05'00'

Arif Karim, Director  
Cost Allocation Services

Enclosure

PLEASE SIGN AND RETURN THE NEGOTIATION AGREEMENT BY EMAIL

**NONPROFIT RATE AGREEMENT**

EIN: 91-2003593

DATE:10/20/2017

ORGANIZATION:

FILING REF.: The preceding agreement was dated 07/31/2017

Institute for Systems Biology, The  
401 Terry Avenue North  
Seattle, WA 98109-5263

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.

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**SECTION I: INDIRECT COST RATES**

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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	01/01/2014	12/31/2014	83.00	All	Research
FINAL	01/01/2014	12/31/2014	40.00	All	Other Sponsored Activities
PROV.	01/01/2015	12/31/2018	83.00	All	Research
PROV.	01/01/2015	12/31/2018	40.00	All	Other Sponsored Activities

\*BASE

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: 10/20/2017

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**SECTION I: FRINGE BENEFIT RATES\*\***

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<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
FIXED	1/1/2016	12/31/2016	41.70	All	Salary Employees
FIXED	1/1/2016	12/31/2016	6.90	All	Hourly Employees
PROV.	1/1/2017	12/31/2017	41.70	All	Salary Employees
PROV.	1/1/2017	12/31/2017	8.50	All	Hourly Employees
PROV.	1/1/2018	12/31/2018	43.00	All	Salary Employees
PROV.	1/1/2018	12/31/2018	18.10	All	Hourly Employees

\*\* DESCRIPTION OF FRINGE BENEFITS RATE BASE:

Salaries and wages excluding vacation.

ORGANIZATION: Institute for Systems Biology, The

AGREEMENT DATE: 10/20/2017

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**SECTION II: SPECIAL REMARKS**

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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 personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$5,000.

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

We have received the next proposal and will complete our review as soon as possible.

**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 Title 2 of the Code of Federal Regulations, Part 200 (2 CFR 200), and should be applied to grants, contracts and other agreements covered by 2 CFR 200, 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)

2017.10.20

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

Arif M. Karim -A

Digitally signed by Arif M. Karim -A  
DN: cn=US, ou=U.S. Government, ou=HHS, ou=PSF, ou=People,  
c=Arif M. Karim -A, o=2342.19200300.100.1, #2000212895  
Date: 2017.10.20 13:13:26 -0500

(SIGNATURE)

Arif Karim

(NAME)

Director, Cost Allocation Services

(TITLE)

10/20/2017

(DATE) 3667

HHS REPRESENTATIVE: Janet Turner

Telephone: (415) 437-7820